

**MILLWARD BROWN UK LIMITED**

**Report and Financial Statements**

**31 December 2003**



**REPORT AND FINANCIAL STATEMENTS 2003**

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**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

The results for 2003 represented a good achievement in difficult market conditions. Trading conditions are expected to continue to be difficult but the directors do not foresee that the trading performance will deteriorate in 2004.

In April 2003 Millward Brown UK Limited acquired Sadek Wynberg Limited, a qualitative research agency based in London. As a result of this acquisition Millward Brown UK Limited is now one of the leading suppliers of qualitative research in the UK.

**RESULTS AND DIVIDENDS**

Turnover for the year was £79.4 million (2002 - £71.2 million) on which a profit before taxation of £13.7 million (2002 - £12.3 million) was recorded. Turnover and operating profit for acquisitions amounted to £5.1m and £1.3m respectively.

Dividends of £13.6 million were proposed and paid in the year (2002 - £20 million). The profit transferred to reserves in the year was £0.8 m (2002 - loss of £4.2m).

**DIRECTORS AND THEIR INTERESTS**

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

R D Finnigan  
S M Gardiner  
S L Potter  
M S Sorrell  
S M Thompson

The beneficial interests of directors, who held office at 31 December 2003, in the 10p ordinary shares and other securities of the ultimate parent company, WPP Group Plc, are set out below:

	Ordinary shares	
	2003	2002
	Number	Number
S M Gardiner	14,348	17,817
S L Potter	21,715	20,575
S M Thompson	300	300

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

	Ordinary shares	
	2003	2002
	Number	Number
S M Gardiner	6,226	2,909
S L Potter	6,757	4,059

None of the directors exercised any share options during the year.

**DIRECTORS' REPORT (continued)****DIRECTORS AND THEIR INTERESTS (continued)**

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

S M Gardiner	24 September 1999	6,140	September 2002 and September 2009	570p
	21 September 2000	3,325	September 2003 and September 2010	901p
	21 September 2000	4,444	September 2003 and September 2010	901p
	21 September 2001	14,026	September 2004 and September 2011	486.5p
	19 September 2002	16,862	September 2005 and September 2012	421p
	17 November 2003	11,676	November 2006 and November 2013	559.5p
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
	19 September 2002	25,293	September 2005 and September 2012	421p
R D Finnigan	17 November 2003	17,515	November 2006 and November 2013	559.5p
	31 March 1998	300	March 2001 and March 2008	340p
	1 April 1999	200	April 2002 and April 2009	531.5p
	31 May 2000	125	May 2003 and May 2010	779p
	1 June 2001	125	June 2004 and June 2011	796p
	31 May 2002	125	May 2005 and May 2012	718p
	19 September 2002	3,832	September 2005 and September 2012	421p
	17 November 2003	1,593	November 2006 and November 2013	559.5p
S M Thompson	17 November 2003	1,060	November 2006 and November 2013	559.5p
	1 April 1999	200	April 2002 and April 2009	531.5p
	21 March 2000	296	March 2003 and March 2010	1,077p
	21 September 2001	3,506	September 2004 and September 2011	486.5p
	19 September 2002	3,832	September 2005 and September 2012	421p
	17 November 2003	2,653	November 2006 and November 2013	559.5p

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

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

In accordance with the company's Articles of Association, S M Thompson retires by rotation and, being eligible, offers herself 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 51 days (2002 – 34 days) of purchases outstanding as at 31 December 2003 based on the average daily amount invoiced by suppliers during the year.

**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 £10,750 (2002 - £18,682).

**DIRECTORS' REPORT (continued)**

**AUDITORS**

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a Limited Liability Partnership incorporated under the Limited Liability Partnerships Act 2000. The company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



R D Finnigan  
Director  
1 June 2004

Olympus Avenue  
Tachbrook Park  
Warwick  
CV34 6RJ

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILLWARD BROWN UK LIMITED

We have audited the financial statements of Millward Brown UK Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

### Basis of opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Birmingham

*8 June 2004*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2003**

		Continuing operations		Total	Total
		Existing	Acquisitions		
		operations	2003	2003	2002
	Note	2003	2003	2003	2002
		£'000	£'000	£'000	£'000
<b>TURNOVER</b>	2	74,324	5,106	79,430	71,249
Cost of sales		(37,332)	(2,133)	(39,465)	(34,113)
<b>GROSS PROFIT</b>		36,992	2,973	39,965	37,136
Administrative expenses		(25,298)	(1,649)	(26,947)	(25,767)
<b>OPERATING PROFIT</b>	3	11,694	1,324	13,018	11,369
Interest receivable	6			641	889
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				13,659	12,258
Tax on profit on ordinary activities	7			756	3,535
<b>PROFIT FOR THE FINANCIAL YEAR</b>				14,415	15,793
Dividends paid and proposed on equity shares	8			(13,600)	(20,000)
<b>PROFIT (LOSS) FOR THE YEAR</b>	18			815	(4,207)

There are no recognised gains and losses for the year other than the profit for each year.

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



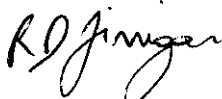
**BALANCE SHEET**  
**31 December 2003**

	Note	2003 £'000	2002 *Restated £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	2,597	2,591
Investments	11	167	167
		<u>2,764</u>	<u>2,758</u>
<b>CURRENT ASSETS</b>			
Work-in-progress	12	23	334
Debtors	13	16,524	23,652
Deferred tax	14	1,343	587
Cash at bank and in hand		27,322	17,678
		<u>45,212</u>	<u>42,251</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(21,857)</u>	<u>(19,850)</u>
<b>NET CURRENT ASSETS</b>		<u>23,355</u>	<u>22,401</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		26,119	25,159
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<u>(540)</u>	<u>(395)</u>
<b>NET ASSETS</b>		<u>25,579</u>	<u>24,764</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	716	716
Share premium account	18	1,545	1,545
Merger reserve	18	1,275	1,275
Profit and loss account	18	22,043	21,228
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	19	<u>25,579</u>	<u>24,764</u>

\* The balance sheet as at 31 December 2002 has been restated for the reclassification of a provision (see notes 15 and 16)

These financial statements were approved by the Board of Directors on 1 June 2004.

Signed on behalf of the Board of Directors



R D Finnigan  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2003

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

##### Accounting convention

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

##### Consolidation

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of WPP Group plc which prepares consolidated accounts which are publicly available.

The company is also, on this basis, exempt from requirement of FRS 1 to present a cash flow statement.

##### Tangible fixed assets

Tangible fixed assets are shown at cost, less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Short leasehold improvements	-	over the term of the lease
Fixtures, fittings, equipment and vehicles	-	10% to 50% per annum

Residual value is calculated on prices prevailing at the time of acquisition.

##### Investments

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

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

##### Work-in-progress

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

##### Debtors

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

##### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2003

## 1. ACCOUNTING POLICIES (continued)

**Taxation (continued)**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Leases**

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

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date, or, if appropriate, at the forward contract rate. Differences arising from movements in rates of exchange are dealt with in the profit and loss account.

**Turnover and revenue recognition**

Turnover comprises the gross amounts billed to clients (exclusive of VAT, sales taxes and trade discounts) in respect of commission based income together with the total of other fees earned.

Revenue is recognised when the service is performed, in accordance with the terms of the contractual arrangement.

**Pension costs**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## 2. TURNOVER

The turnover of the company by origin in 2003 and 2002 arose from continuing activities within the UK and comprises;

	2003 £'000	2002 £'000
United Kingdom	52,827	52,506
Rest of Europe	20,357	13,456
United States of America	3,553	4,251
Rest of world	2,693	1,036
	<u>79,430</u>	<u>71,249</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2003**

**3. OPERATING PROFIT**

Operating profit is stated after charging:

	2003 £'000	2002 £'000
Depreciation of tangible fixed assets	975	891
Operating lease rentals		
- property	1,161	1,217
- other	455	607
Auditors' remuneration		
- audit	36	33
- other services	61	-
	<u>61</u>	<u>-</u>

**4. DIRECTORS' REMUNERATION**

**Remuneration**

The remuneration of the directors was as follows:

	2003 £'000	2002 £'000
Emoluments	569	534
Amounts receivable under long-term incentive schemes	17	33
Company contributions to money purchase pension schemes	56	55
	<u>642</u>	<u>622</u>

Emoluments includes £nil in compensation for loss of office (2002 - £30,000).

Four of the directors were remunerated by the company (2002 - 5). Other directors were employed and remunerated by other companies within the WPP Group.

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes. Details of share options are given in the Directors' report.

**Pensions**

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

	2003 Number	2002 Number
Money purchase schemes	<u>4</u>	<u>5</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2003**

**4. DIRECTORS' REMUNERATION (continued)**

**Highest-paid director**

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

	2003 £'000	2002 £'000
Emoluments	191	173
Amounts receivable under long-term incentive schemes	9	17
Company contributions to money purchase schemes	18	15
	<u>218</u>	<u>205</u>

**5. STAFF COSTS**

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

	2003 £'000	2002 £'000
Employee costs during the year amounted to:		
Wages and salaries	26,565	25,532
Social security costs	2,160	1,934
Other pension costs (see note 22)	845	714
	<u>29,570</u>	<u>28,180</u>

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

	2003 Number	2002 Number
Management and administration	119	111
Client service	305	265
Operations	1,742	1,891
	<u>2,166</u>	<u>2,267</u>

**6. INTEREST RECEIVABLE**

	2003 £'000	2002 £'000
Interest on bank deposits	516	759
Income from fixed asset investments	125	130
	<u>641</u>	<u>889</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2003**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

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

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current taxation</i>		
Corporation tax at 30% (2002 – 30%)	(4,448)	(3,610)
Group relief	4,448	3,610
Adjustment in respect of prior periods	-	3,637
	<u>-</u>	<u>3,637</u>
Total current tax	-	3,637
<i>Deferred taxation</i>		
Origination and reversal of timing differences	357	(102)
Adjustment in respect of prior years	399	-
	<u>756</u>	<u>3,535</u>
Tax on profit on ordinary activities	<u>756</u>	<u>3,535</u>

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

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2002 – 30%). The actual tax charge for the current and the previous year is lower than the standard rate for the reasons set out in the following reconciliation.

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	<u>13,659</u>	<u>12,258</u>
Tax on profit on ordinary activities at standard rate	4,098	3,677
Factors affecting charge for the period:		
Capital allowances for period in excess of depreciation	297	(95)
Other timing differences	59	(7)
Expenses not deductible for tax purposes	32	35
UK dividend income	(38)	-
Adjustments to tax charge in respect of group relief	(4,448)	(3,610)
Adjustments to tax charge in respect of prior periods	-	(3,637)
	<u>-</u>	<u>(3,637)</u>
Total actual amount of current tax	<u>-</u>	<u>(3,637)</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Year ended 31 December 2003

**8. DIVIDENDS**

	2003 £'000	2002 £'000
Interim dividend paid of £1.15 (2002 - £2.79) per ordinary share	8,200	20,000
Final dividend paid of £0.76 (2002 - £nil) per ordinary share	5,400	-
	<u>13,600</u>	<u>20,000</u>

**9. INTANGIBLE FIXED ASSETS – GOODWILL**

**Acquisition of a business**

On 6 April 2003 the company acquired the trade and assets of Sadek Wynberg Limited, for consideration of £328,000, satisfied by intercompany loan.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the company:

	£'000
<b>Fixed assets</b>	
Tangible	35
<b>Current assets</b>	
Debtors	1,310
Cash	54
<b>Total assets</b>	<u>1,399</u>
<b>Creditors</b>	
Trade creditors	469
Other creditors	602
<b>Total liabilities</b>	<u>1,071</u>
<b>Net assets</b>	328
Goodwill	-
<b>Total Consideration</b>	<u>328</u>
<b>Satisfied by</b>	
Intercompany loan	<u>328</u>

In the opinion of the directors there was no difference between the book value and fair value of the net assets acquired.

Following the transfer of trade and assets, the operations of Sadek Wynberg Limited were integrated with those of the company.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2003

## 10. TANGIBLE FIXED ASSETS

	Short leasehold improvements £'000	Fixtures, fittings equipment and vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2003	1,126	8,381	9,507
Additions	225	756	981
Disposals	-	(187)	(187)
At 31 December 2003	<u>1,351</u>	<u>8,950</u>	<u>10,301</u>
<b>Depreciation</b>			
At 1 January 2003	567	6,349	6,916
Charge for the year	58	917	975
Disposals	-	(187)	(187)
At 31 December 2003	<u>625</u>	<u>7,079</u>	<u>7,704</u>
<b>Net book value</b>			
At 31 December 2003	<u>726</u>	<u>1,871</u>	<u>2,597</u>
At 31 December 2002	<u>559</u>	<u>2,032</u>	<u>2,591</u>

## 11. INVESTMENTS HELD AS FIXED ASSETS

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

	2003 £'000	2002 £'000
<b>Cost and net book value</b>		
Subsidiary undertakings	165	165
Associated undertakings	2	2
	<u>167</u>	<u>167</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2003

## 11. INVESTMENTS HELD AS FIXED ASSETS (continued)

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

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

## 12. WORK-IN-PROGRESS

	2003 £'000	2002 £'000
Work-in-progress	23	334

## 13. DEBTORS

	2003 £'000	2002 £'000
Trade debtors	9,854	9,733
Amounts owed by other group undertakings	3,269	11,314
Prepayments and accrued income	3,401	2,605
	<u>16,524</u>	<u>23,652</u>

## 14. DEFERRED TAX

	£'000
Balance at 1 January 2003	587
Profit and loss account charge	756
Balance at 31 December 2003	<u>1,343</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2003**

**14. DEFERRED TAX (continued)**

Deferred tax asset consists of the following amounts:

	2003 £'000	2002 £'000
Capital allowances in excess of depreciation	1,006	337
Short-term timing differences	337	250
	<u>1,343</u>	<u>587</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003 £'000	2002 £'000
Trade creditors	2,949	1,874
Amounts owed to other group undertakings	10,149	7,659
Other taxation and social security	1,670	1,973
Other creditors	2,560	3,702
Accruals and deferred income	4,529	4,642
	<u>21,857</u>	<u>19,850</u>

The directors have reviewed the classification of an amount relating to a provision for sex discrimination during the current year. To ensure consistent presentation the prior year comparatives have been amended. This amendment has resulted in a transfer of £200,000 out of accruals and deferred income for 2002.

**16. PROVISION FOR LIABILITIES AND CHARGES**

	Total £'000
Balance at 1 January 2003	395
Profit and loss account charge	145
	<u>540</u>
Balance at 31 December 2003	<u>540</u>

The directors have reviewed the classification of an amount relating to a provision for sex discrimination during the current year. To ensure consistent presentation the prior year comparatives have been amended. This amendment has resulted in a transfer of £200,000 into provisions for liabilities and charges for 2002.

Of the total provision, £195,000 (2002 - £195,000) relates to a lease on a building which has become onerous in nature, this provision is expected to be utilised over the next four years. The remaining £345,000 (2002 - £200,000) relates to a legal claim being brought by part-time employees in relation to pension rights.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2003**

**17. CALLED-UP SHARE CAPITAL**

	2003 £'000	2002 £'000
Authorised, equity share capital 9,000,000 ordinary shares of 10p each	900	900
Allotted, called-up and fully paid, equity share capital 7,160,000 ordinary shares of 10p each	716	716

**18. RESERVES**

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	1,545	1,275	21,228	24,048
Profit for the year	-	-	815	815
At 31 December 2003	1,545	1,275	22,043	24,863

**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003 £'000	2002 £'000
Profit for the financial year	14,415	15,793
Dividends paid and proposed	(13,600)	(20,000)
Net (reduction) addition to shareholders' funds	815	(4,207)
Opening shareholders' funds	24,764	28,971
Closing shareholders' funds	25,579	24,764

**20. OPERATING LEASE COMMITMENTS**

Commitments existing at the balance sheet date to pay annual operating lease rentals during the following year were:

	Land and buildings		Other	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Commitment expiring:				
- within one year	10	-	50	39
- during the second to fifth years	189	123	393	443
- after five years	1,051	1,052	-	-
	1,250	1,175	443	482

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2003

## 21. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	2003 £'000	2002 £'000
Contracted but not provided for:		
- other	102	71

## 22. PENSION SCHEMES

The company operates a defined contribution pension scheme whereby payments are made to insurance companies independent from the finances of the company. Contributions, of which £ 162,000 (2002 - £136,000) were outstanding at the year end, were charged against profits as and when incurred and amounted to £845,000 (2002 - £714,000).

## 23. FINANCIAL GUARANTEES

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

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

## 24. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS8 not to disclose the details of transactions with other WPP Group companies as it is ultimately 100% owned by WPP Group plc, the consolidated accounts of which are publicly available.

## 25. 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.