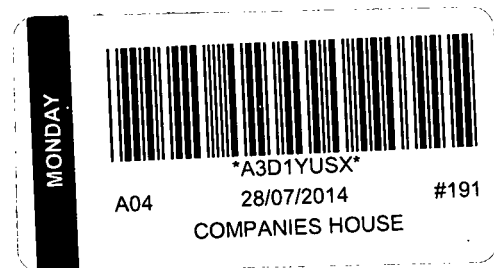


**MILLWARD BROWN UK LIMITED**

**Report and Financial Statements**

**31 December 2013**



# MILLWARD BROWN UK LIMITED

## REPORT AND FINANCIAL STATEMENTS 2012

### CONTENTS

	Page
Directors & professional advisors	3
Strategic report	4
Directors' report	5
Directors' responsibilities statement	7
Independent auditor's report	8
Profit & loss account	9
Balance sheet	10
Notes to the financial statements	11

# **MILLWARD BROWN UK LIMITED**

## **DIRECTORS & PROFESSIONAL ADVISORS**

### **Directors:**

T Wragg

C Sweetland

D Cole

### **Secretary:**

S M Bowron

### **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 business review for the year ended 31 December 2013.

### **Sales decrease 16% (2% increase in 2012).**

Turnover reduced by 16% due to the sale of the Kantar Operations division, however like for like sales increased by 10%. This was due to growth in core consumer insights revenues, especially copy testing and brand performance programmes, increasing penetration against the backdrop of a flat research market. The company also experienced revenue benefit from further customer consolidation of marketing organisations where customers use the company as a central point for multinational insight activities.

### **Gross Margin Percentage 54% (2012 – 50%).**

Gross margin percentage increased as lower margin work carried out by the Kantar Operations division was transferred to a fellow group company, however like for like gross margin on continuing activities reduced to 54% from 57% in 2012. This was due to continued price pressure in the market and a higher relative volume of international insight studies where fellow group companies carried out research on behalf of the company.

### **Staff Costs / Revenue Percentage 30% (2012 - 45%).**

Staff costs within ongoing operations have remained flat in 2013 compared to 2012. Total staff costs as a percentage of revenue have reduced due to the transfer of the Kantar Operations division to a fellow group company as the major cost of operations in this division was the provision of direct staff for data collection methodologies including telephone interviewing. The ongoing trading divisions of the company have maintained appropriate staff utilisation and chargeability ratios.

### **Operating profit**

Operating profit for the year was £13,964k v £14,314k in 2012. The continuing operating profitability of the company has increased following the transfer of the Kantar Operations division to a fellow Group company, however 2012 operating profit included a £2,458k gain as the company sold its investment in RSMB Television Research Limited to a related company, Kantar Media UK Ltd.

Dividends of £15,000k were proposed and paid in the year (2012: £20,000k proposed and paid). The profit transferred to reserves in the year was £14,434k (2012: £15,065k). The Balance Sheet on page 10 of the financial statements shows that the company's net assets at the year end had reduced to £14,898k from £15,464k at the end of 2012. This is due to the profit for the financial year being more than offset by the payment of a £15,000k dividend.

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

### **Principal risks and uncertainties**

UK market conditions continued to be difficult in 2013 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 2014 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.

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



D Cole  
Director  
25 July 2014

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 2013.

### PRINCIPAL ACTIVITIES

The principal activity of the company continues to be that of a market research agency. On 1 March 2013 the trade and employees of Kantar Operations division of the company was transferred to TNS (UK) Ltd. Further details are set out in this report and note 24.

### 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 2014 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 to the financial statements.

### DIRECTORS AND THEIR INTERESTS

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

T Wragg  
S L Potter (resigned 17 May 2013)  
M Leigh (resigned 17 May 2013)  
E Brownhill (resigned 28 March 2013)  
P Delaney (resigned 29 August 2013)  
D Cole (appointed 10 May 2013)  
C Sweetland (appointed 22 October 2013)

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

### 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 46 days (2012: 37 days) of purchases outstanding as at 31 December 2013 based on the average daily amount invoiced by suppliers during the year. The increase from prior year is due to agreement of extended payments with specific suppliers.

### EMPLOYEES

Details of the number of employees & related costs can be found in note 5 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 £7,051 (2012: £8,403).

# 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



D Cole  
Director  
25 July 2014

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). 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 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 25. 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).

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. 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 2013 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 the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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  
25 July 2014



# MILLWARD BROWN UK LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
<b>TURNOVER</b>	2				
Continuing operations		99,334		89,925	
Discontinued operations		5,711		35,400	
			105,045		125,325
<b>COST OF SALES</b>					
Continuing operations		(46,030)		(38,656)	
Discontinued operations		(2,806)		(24,672)	
			(48,836)		(63,328)
<b>GROSS PROFIT</b>					
Continuing operations		53,304		51,269	
Discontinued operations		2,905		10,728	
			56,209		61,997
<b>Administrative Expenses</b>					
Continuing operations		(38,649)		(37,217)	
Discontinued operations		(3,596)		(12,924)	
			(42,245)		(50,141)
Other Income – discontinued operations	3		-	-	2,458
<b>OPERATING PROFIT</b>	3				
Continuing operations		14,655		14,052	
Discontinued operations		(691)		262	
			13,964		14,314
Interest receivable and similar income	6		9		-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			13,973		14,314
Tax on profit on ordinary activities	7		-		-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			13,973		14,314

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.

# MILLWARD BROWN UK LIMITED

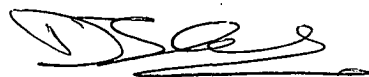
## BALANCE SHEET 31 December 2013

	Note	2013 £'000	2012 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	5,445	6,607
Investments	10	-	-
		<u>5,445</u>	<u>6,607</u>
<b>CURRENT ASSETS</b>			
Debtors	11	30,208	38,243
Cash at bank and in hand		14,969	1,203
		<u>45,177</u>	<u>39,446</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(35,260)</u>	<u>(30,105)</u>
<b>NET CURRENT ASSETS</b>		<u>9,917</u>	<u>9,341</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,362	15,948
<b>PROVISIONS FOR LIABILITIES</b>	14	<u>(464)</u>	<u>(484)</u>
<b>NET ASSETS</b>		<u>14,898</u>	<u>15,464</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	716	716
Share premium account	16	1,545	1,545
Merger reserve	16	1,275	1,275
Profit and loss account	16	11,362	11,928
<b>TOTAL SHAREHOLDERS' FUNDS</b>	17	<u>14,898</u>	<u>15,464</u>

The accompanying notes are an integral part of this Balance Sheet.

These financial statements of Millward Brown UK Limited, company registration no. 1915514 were approved by the Board of Directors and authorised for issue on 25 July 2014.

Signed on behalf of the Board of Directors



D Cole  
Director

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK 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 UK accounting standards and have been applied consistently in the current and preceding year.

They 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 2014 and is forecast to do so through 2015. 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.

#### Consolidation

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006 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 Financial Reporting Standard 1(revised) to present a cash flow statement.

#### Share-based payments

The company has applied the requirements of FRS20 to all unvested share-based payments. Certain employees of the company benefit from equity-settled share-based payments through participation in stock option and restricted stock incentive schemes. Such awards are satisfied by the delivery of shares in WPP Group plc, the ultimate parent undertaking.

Equity-settled share-based payments are measured at fair value (excluding the impact of non market-based vesting conditions) at the date of grant. Fair value is determined by the market price on that date or the application of a Black Scholes model, depending on the characteristic of the scheme concerned. For the years presented, the majority of the charge to the profit and loss account related to schemes where fair value equalled market price since the equity instrument had no restrictions that impact valuation. Market price on any given day is obtained from external, publicly available sources.

The fair value determined at the grant date is recognised in the profit and loss account as an expense on a straight-line basis over the relevant vesting period, based on the company's estimate of the number of shares that will ultimately vest and adjusted for the effect of any other non-market based vesting conditions.

#### 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.

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2013

### 1 ACCOUNTING POLICIES (CONTINUED)

#### Associated undertakings

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

#### 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 substantively 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.

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.

#### Pension Costs

##### Defined benefit scheme

Following the creation of the Kantar Operations division in Millward Brown UK Limited on 1 April 2004, one employee of the company was a member of the Research International Superannuation Fund (RISF), a funded benefit scheme.

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.

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2013

### 1 ACCOUNTING POLICIES (CONTINUED)

#### Defined contribution scheme

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.

#### 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.

#### Financial risk management

The company's primary financial risks include fluctuations in interest rates, the credit risk of its customers, and the fluctuation in the exchange rates of foreign currencies.

The company's liquidity requirements for day to day operating expenses are, and are expected to continue to be, funded by cash provided by operations.

The company monitors its exposure for customer credit risk and maintains allowances for anticipated losses after giving consideration to historical loss experience, and economic conditions impacting its customers. Management continuously reviews information concerning the financial condition of the company's customers and believes that the company's allowance for doubtful accounts is sufficient to cover such risks.

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company does not use foreign currency exchange forward contracts to hedge these exposures and considers that it has a natural hedge in its main trading currencies due to buying and selling in both currencies.

### 2. TURNOVER

The turnover of the company by origin arose from its continuing principal activities and comprises the following destinations:

	2013 £'000	2012 £'000
United Kingdom	64,038	91,181
Rest of Europe	25,582	23,240
United States of America	12,631	8,062
Rest of world	2,794	2,842
	<u>105,045</u>	<u>125,325</u>

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2013

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets	1,848	2,484
Net foreign exchange losses/(gains)	(32)	175
Operating lease rentals		
- plant and machinery	179	337
- other	1,846	2,184
Profit on the sale of RSMB Television Research Limited	-	(2,458)

### AUDITOR'S REMUNERATION

	2013 £'000	2012 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	80	80
Fees payable to the company's auditor for other services	-	-

### 4. DIRECTORS' REMUNERATION

The remuneration of the directors was as follows:

	2013 £'000	2012 £'000
Emoluments	553	703
Amounts receivable under long-term incentive schemes	403	311
Company contributions to group person pension schemes	61	84

A total of four directors were remunerated by the company during the year (2012 – four). 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.

#### Pensions

The number of directors who were members of pension schemes during the year were as follows:

	2013 Number	2012 Number
Group personal pension plan	4	4

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2013

### 4. DIRECTORS' REMUNERATION (CONTINUED)

#### Highest-paid director

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

	2013 £'000	2012 £'000
Emoluments	258	260
Amounts receivable under long-term incentive schemes	176	192
Company contributions to money purchase schemes	31	32
	<u>465</u>	<u>484</u>

### 5. STAFF COSTS

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

	2013 £'000	2012 £'000
Employee costs during the year amounted to:		
Wages and salaries	27,029	50,553
Social security costs	3,421	4,636
Other pension costs (see note 20)	1,207	1,524
	<u>31,657</u>	<u>56,713</u>

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

	2013 Number	2012 Number
Management and administration	88	199
Client service	339	688
Operations	196	2,936
	<u>623</u>	<u>3,823</u>

### 6. INTEREST RECEIVABLE

	2013 £'000	2012 £'000
<b>Interest receivable and similar income</b>		
Interest on bank deposits	9	-
	<u>9</u>	<u>-</u>
<b>Interest receivable</b>	<u>9</u>	<u>-</u>

**MILLWARD BROWN UK LIMITED**

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

**Year ended 31 December 2013**

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

The corporation tax charge for the year is £nil (2012: £nil)

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 23.25% (2012: 24.5%). 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>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	13,973	14,314
Tax on profit on ordinary activities at standard rate	3,249	3,507
Factors affecting charge for the period:		
Depreciation in excess of capital allowances	367	550
Expenses not deductible for tax purposes	128	202
Group relief claimed for nil consideration	(3,744)	(4,259)
Total actual amount of current tax	-	-

**8. DIVIDENDS**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Interim dividend paid of £2.10 (2012 - £2.79) per ordinary share	15,000	20,000
	15,000	20,000



**MILLWARD BROWN UK LIMITED**

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

**Year ended 31 December 2013**

**9. TANGIBLE FIXED ASSETS**

	Short leasehold improvements £'000	Fixtures, fittings equipment and vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2013	3,555	11,190	14,745
Additions	117	1,840	1,957
Transferred to fellow group company	(407)	(3,828)	(4,235)
Disposals	-	(644)	(644)
At 31 December 2013	<u>3,265</u>	<u>8,558</u>	<u>11,823</u>
<b>Depreciation</b>			
At 1 January 2013	1,666	6,472	8,138
Charge for the year	268	1,580	1,848
Transferred to fellow group company	(407)	(2,612)	(3,019)
Disposals	-	(589)	(589)
At 31 December 2013	<u>1,527</u>	<u>4,851</u>	<u>6,378</u>
<b>Net book value</b>			
At 31 December 2013	<u>1,738</u>	<u>3,707</u>	<u>5,445</u>
At 31 December 2012	<u>1,889</u>	<u>4,718</u>	<u>6,607</u>

**10. INVESTMENTS HELD AS FIXED ASSETS**

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

	2013 £'000	2012 £'000
<b>Associated undertakings</b>		
<b>Cost and net book value</b>		
Opening balance	-	2
Disposals	-	(2)
Closing balance	<u>-</u>	<u>-</u>

Millward Brown UK Limited has investments in the following undertakings

**Associated undertakings**

Millward Brown Market Research Limited	Dormant	100%	2 ordinary shares of £1 each
--	---------	------	------------------------------

**MILLWARD BROWN UK LIMITED**

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

**Year ended 31 December 2013**

**11. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR**

	2013 £'000	2012 £'000
Trade debtors	15,258	15,766
Amounts owed by other group undertakings	7,401	13,896
Prepayments and accrued income	7,549	8,581
	<u>30,208</u>	<u>38,243</u>

**12. DEFERRED TAX**

A deferred tax asset of £4,797k (2012 - £5,060k) has not been recognised in respect of £3,852k (2012 - £4,067k) of depreciation in excess of capital allowances, an FRS 20 deferred tax asset of £906k (2012 - £936k) and a deferred tax asset relating to other timing differences of £38k (2012 - £57k) as it is unlikely that there will be sufficient taxable profits against which the asset will reverse in the foreseeable future.

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

	2013 £'000	2012 £'000
Trade creditors	4,825	3,940
Amounts owed to other group undertakings	13,784	9,656
Other taxation and social security	1,925	3,383
Deferred Income	6,999	4,508
Accruals and other creditors	7,727	8,618
	<u>35,260</u>	<u>30,105</u>

**14. PROVISION FOR LIABILITIES**

	Dilapidation Provision £'000
As at 1 January 2013	484
Settlements	(25)
Net profit and loss charge	5
	<u>464</u>
As at 31 December 2013	<u>464</u>

***Dilapidation Provision***

In the year provisions have been made for dilapidations on 3 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 9 years.

**MILLWARD BROWN UK LIMITED**

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

**Year ended 31 December 2013**

**15. CALLED-UP SHARE CAPITAL**

	2013 £'000	2012 £'000
<b>Allotted, called-up and fully paid, equity share capital</b>		
7,160,000 ordinary shares of 10p each	716	716

**16. RESERVES**

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2013	1,545	1,275	11,928	14,748
Profit for the financial year	-	-	13,973	13,973
Dividends paid	-	-	(15,000)	(15,000)
Capital Contribution from Parent company	-	-	461	461
At 31 December 2013	1,545	1,275	11,362	14,182

The Capital Contribution from Parent Company of £461,000 relates to share based payments. The ultimate parent company, WPP Group plc, has granted rights to its equity instruments to certain employees of the company. This share based compensation is accounted for as equity-settled in the consolidated financial statements of the parent. UITF 44 (Group and Treasury Share Transactions) requires the company to record an expense for such compensation (see Note 23) in accordance with FRS 20 (Share Based Payments) with a corresponding increase in equity as a contribution from the parent.

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

	2013 £'000	2012 £'000
Profit for the financial year	13,973	14,314
Dividends paid	(15,000)	(20,000)
Net transfer to shareholders' funds	(1,027)	(4,908)
Capital Contribution from parent company	461	751
Opening shareholders' funds	15,464	20,399
Closing shareholders' funds	14,898	15,464

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2013

### 18. 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	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
- within one year	-	130	-	114
- during the second to fifth years	830	960	160	160
- after five years	947	947	-	-
	<u>1,777</u>	<u>2,037</u>	<u>160</u>	<u>274</u>

### 19. PENSION SCHEMES

#### Defined contribution pension scheme

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 £192k (2012: £250k) were outstanding at the year end, were charged against profits as and when incurred and amounted to £1,203k (2012: £1,500k).

#### Defined benefit scheme

The company has paid contributions to one (2012: one) defined benefit scheme, the Research International Superannuation Fund for one employee (2012: one). This is a multi employer scheme, with the assets and liabilities being held independently from the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. During 2013 the employee transferred to TNS UK Limited, a fellow group company.

The total charge for the year for the RISF scheme was £4k (2012: £24k). Contributions of £nil (2012: £3k) were outstanding at the year end. Details of the RISF funded benefit scheme are disclosed in the financial statements of TNS UK Limited, a fellow group company. This scheme had a net deficit of £4,299k at 31 December 2013 on an FRS17 basis.

### 20. 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 has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the accounts of WPP Group plc.

### 21. 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.

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2013

### 22. SHARE BASED PAYMENTS

The company charged £461,000 to the profit and loss account in the year ended 31 December 2013 (2012 - £751,000) in relation to equity-settled share based payments.

#### Stock option plans

##### *WPP Worldwide Share Ownership Plan*

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

##### *WPP Executive Stock Option Plan*

The WPP Executive Stock Option Plan has historically been open for participation to members of the WPP Leaders, Partners and High Potential Group. The vesting period is three years and performance conditions include achievement of various TSR (Total Shareowner Return) and EPS (Earnings per share) objectives by WPP plc, as well as continued employment with a WPP company. Since 2005, the company has moved away from the issuance of stock options under this scheme, making grants of restricted stock instead.

Stock options for both plans have a life of ten years, including the vesting period. The terms of those stock options with performance conditions are such that, if after nine years and eight months, the performance conditions have not been met, then the stock option will vest automatically. All stock options are satisfied out of newly issued shares in WPP plc.

The number of options granted in 2013 and 2012 was not material.

#### Restricted stock schemes

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

##### *Performance Share Awards (PSA)*

Grants of stock under this scheme are dependent upon annual performance targets, typically one or more of operating profit, profit before taxation and operating margin. Grants are made in the year following the year of performance measurement, and will vest two years after grant provided the individual concerned is continually employed by a WPP company throughout this time.

##### *Leaders, Partners and High Potential*

Since 2005, restricted stock grants under this scheme have effectively replaced executive stock options. Performance conditions include continued employment over a three-year vesting period.

##### *Grant details*

For restricted stock awards, the number of shares granted for the most significant schemes and the weighted average fair value of these grants was as follows:

	2013	2012
<b>Performance Share Awards</b>		
Number of shares granted	8,367	58,238
Weighted average fair value at grant date	£10.60	£8.34
<b>Leaders, Partners and High Potential Group</b>		
Number of shares granted	21,027	29,500
Weighted average fair value at grant date	£13.51	£8.46

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2013

### 23. SALE OF BUSINESS

On 1 March 2013 the Company transferred the trading activities and employees of its Kantar Operations UK division to TNS (UK) Ltd. The company received no profit or loss from the transfer. The net liability transferred to TNS Ltd is set out below.

	£'000
Prepayments and other debtors	20
Accruals and other liabilities	(5,401)
Net liability	<u>(5,381)</u>
Consideration paid to TNS (UK) Ltd	<u>5,381</u>

### 24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard WPP Toronto Limited, a company incorporated in England and Wales, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is WPP plc, incorporated in Jersey. The parent undertaking of the smallest such group is Lexington International B.V.; incorporated in the Netherlands.

### 25. PARENT COMPANY FINANCIAL STATEMENTS

Copies of the 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 Zuid 167, 3072 DB Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK.