

MILLWARD BROWN UK LIMITED

Report and Financial Statements

31 December 2010

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MILLWARD BROWN UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS

	Page
Directors & professional advisors	3
Directors' report	4
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:

S L Potter

S M Thompson

M Leigh

E Brownhill

T Wragg

Secretary:

S M Bowron

Auditors:

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

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be that of a market research agency. The company also undertakes fieldwork, project management and data processing activities for all of the Kantar research businesses in the UK. There have not been any significant changes in the company's principal activities in the year under review.

Sales increase 13.7% (6.9% decline in 2009)

Following a difficult year of trading in 2009, turnover for the year was £121.7m, increased from £107.0m in 2009. The increase has been aided by improved market conditions and changes to structure within the group.

Gross Margin Percentage 58.9% (58.1% in 2009)

The Gross Margin Percentage has held constant with the prior year despite challenging price conditions in the market.

Staff costs / Revenue Percentage 45% (42% in 2009)

Staff costs have increased marginally in 2010 reflecting business growth. The Company has maintained appropriate staff utilisation and chargeability ratios.

Operating profit for the year was £7.3m v £10.3m in 2009. The underlying operating profit percentage fell due to changes in structure within the group.

Dividends of £30m were proposed and paid in the year (2009 – nil proposed or paid). The profit transferred to reserves in the year was £12.7m (2009 £10.6m).

The Balance Sheet on page 10 of the financial statements shows that the company's financial position at the year end has, in net asset terms, decreased significantly since the prior year. This is due to the payment of a £30m dividend.

On 1 January 2011 the majority of the business of related company Business Planning and Research Limited and the entire business of related company DynamicLogic Europe Limited were transferred into Millward Brown UK Limited. This transfer is expected to increase revenue by £5.5m and operating profit by £0.9m. The operations transferred generated revenues of £4.8m and operating profit of £0.3m in 2010.

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 & UNCERTAINTIES

UK market conditions continued to be difficult in 2010 leading to pressure on pricing and the need for enhanced service delivery. The company manages the risk by providing added value services to its customers. Market conditions have begun to improve and improvements are expected to continue into 2011.

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\$ and €'s and the WPP Group treasury function takes out contracts to manage the exchange risk at a Group level.

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

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 2011 and is forecast to do so for the rest of the year. Forecasts for the next 12 months expect the company to grow from 2010. 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.

MILLWARD BROWN UK LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS

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

J D Knight (resigned 27th May 2010)
S L Potter
S M Thompson
T Wragg
M Leigh
E Brownhill (appointed 27th May 2010)

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 43 days (2009 –32 days) of purchases outstanding as at 31 December 2010 based on the average daily amount invoiced by suppliers during the year. The increase from prior year is due to delays in payments to related companies

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 £11,883 (2009 £11,512)

MILLWARD BROWN UK LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

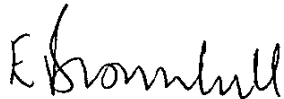
Each of the persons who is a director at the date of approval of this report confirms that

- (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 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



E Brownhill
Director
9 September 2011

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

MILLWARD BROWN UK LIMITED

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 2010 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.

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 2010 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 Auditor
Birmingham, United Kingdom
12 September 2011

MILLWARD BROWN UK LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
TURNOVER	2	121,706	107,040
Cost of sales		(49,976)	(44,776)
GROSS PROFIT		<u>71,730</u>	<u>62,264</u>
ADMINISTRATIVE EXPENSES		(64,477)	(51,985)
OPERATING PROFIT	3a	<u>7,253</u>	<u>10,279</u>
Profit on sale of business	3b	5,072	-
Interest receivable and similar income	6	455	272
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>12,780</u>	<u>10,551</u>
Tax on profit on ordinary activities	7	(92)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>12,688</u></u>	<u><u>10,551</u></u>

All activities derive from continuing operations

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 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	9	4,294	3,449
Investments	10	2	2
		<u>4,296</u>	<u>3,451</u>
CURRENT ASSETS			
Debtors	11	49,781	34,568
Cash at bank and in hand		12,387	32,672
		<u>62,168</u>	<u>67,240</u>
CREDITORS: amounts falling due within one year	13	(38,744)	(26,289)
		<u>23,424</u>	<u>40,951</u>
NET CURRENT ASSETS		<u>27,720</u>	<u>44,402</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>27,720</u>	<u>44,402</u>
PROVISIONS FOR LIABILITIES	14	(430)	(439)
NET ASSETS		<u>27,290</u>	<u>43,963</u>
CAPITAL AND RESERVES			
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	23,754	40,427
TOTAL SHAREHOLDERS' FUNDS	17	<u>27,290</u>	<u>43,963</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 9 September 2011

Signed on behalf of the Board of Directors



Elizabeth Brownhill
Director

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

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 2011 and is forecast to do so through 2012. 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 adopted FRS20 (Share-based payments) in the period ended 31 December 2007. 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 2010

1 ACCOUNTING POLICIES (CONTINUED)

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, five employees of the company were members of the Research International Superannuation Fund (RISF), a funded benefit scheme, and one employee was a member of the Mass Observations scheme, also a funded benefit scheme

Both defined benefit schemes are multi-employer schemes with the assets of the schemes 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. Any surplus or deficit in the Mass Observation Scheme is dealt with in the accounts of BMRB Limited, a fellow group company

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

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 instruments

Short term debtors and creditors are not treated as financial assets or financial liabilities. The company does not trade in derivative financial instruments.

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:

	2010 £'000	2009 £'000
United Kingdom	92,973	85,874
Rest of Europe	20,924	17,124
United States of America	6,620	3,375
Rest of world	1,189	667
	<u>121,706</u>	<u>107,040</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2010

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2010 £'000	2009 £'000
Depreciation of tangible fixed assets	2,871	1,828
Loss on disposal of tangible fixed assets of continuing operations	6	-
Net foreign exchange (gains) / losses	(108)	340
Operating lease rentals		
- land & buildings	1,027	1,028
- other	317	480

EXCEPTIONAL PROFIT ON THE SALE OF BUSINESS

The exceptional profit on sale of business results from the sale of the Precis division of the company to Kantar Media Intelligence Ltd for consideration of £5,092,000. Net assets of £20,000 were transferred as a result of the sale.

AUDITOR'S REMUNERATION

	2010 £'000	2009 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	72	75
Fees payable to the company's auditor for other services	5	-

4. DIRECTORS' REMUNERATION

The remuneration of the directors was as follows

	2010 £'000	2009 £'000
Emoluments	1,039	1,223
Amounts receivable under long-term incentive schemes	221	135
Company contributions to money purchase pension schemes	90	104

A total of five directors were remunerated by the company during the year (2009 – seven). 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

	2010 Number	2009 Number
Money purchase schemes	5	5

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2010

4. DIRECTORS' REMUNERATION (CONTINUED)

Highest-paid director

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

	2010 £'000	2009 £'000
Emoluments	365	334
Amounts receivable under long-term incentive schemes	115	58
Company contributions to money purchase schemes	30	27
	<u>510</u>	<u>419</u>

5. STAFF COSTS

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

	2010 £'000	2009 £'000
Employee costs during the year amounted to		
Wages and salaries	49,303	39,993
Social security costs	4,051	3,656
Other pension costs (see note 20)	1,308	1,360
	<u>54,662</u>	<u>45,009</u>

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

	2010 Number	2009 Number
Management and administration	144	139
Client service	471	276
Operations	3,131	2,468
	<u>3,746</u>	<u>2,883</u>

6. INTEREST RECEIVABLE

	2010 £'000	2009 £'000
Interest receivable and similar income		
Interest on bank deposits	5	22
Income from fixed asset investments	450	250
	<u>455</u>	<u>272</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2010

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The corporation tax charge for the year is £92,000 (2009 £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 28% (2009 28%)
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

	2010 £'000	2009 £000
Profit on ordinary activities before tax	12,780	10,551
Tax on profit on ordinary activities at standard rate	3,578	2,954
Factors affecting charge for the period		
Depreciation in excess of capital allowances	804	404
Expenses not deductible for tax purposes	(109)	167
UK dividend income	(126)	(70)
Group relief claimed for nil consideration	(4,055)	(3,455)
Total actual amount of current tax	92	-

In June 2010 the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 27% with effect from 1 April 2011. This legislation was substantively enacted on the 21 July 2010. On 23 March 2011 the Government announced that the main rate of Corporation Tax rate would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements.

8. DIVIDENDS

	2010 £'000	2009 £'000
Interim dividend paid of £4.19 (2009 - £nil) per ordinary share	30,000	-
	30,000	-

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

9. TANGIBLE FIXED ASSETS

	Short leasehold improvements £'000	Fixtures, fittings equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2010	3,138	7,841	10,979
Additions	-	3,722	3,722
Disposals	(20)	(836)	(856)
At 31 December 2010	<u>3,118</u>	<u>10,727</u>	<u>13,845</u>
Depreciation			
At 1 January 2010	1,938	5,592	7,530
Charge for the year	388	2,483	2,871
Disposals	(15)	(835)	(850)
At 31 December 2010	<u>2,311</u>	<u>7,240</u>	<u>9,551</u>
Net book value			
At 31 December 2010	<u>807</u>	<u>3,487</u>	<u>4,294</u>
At 31 December 2009	<u>1,200</u>	<u>2,249</u>	<u>3,449</u>

10. INVESTMENTS HELD AS FIXED ASSETS

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

	2010 £'000	2009 £'000
Cost and net book value		
Associated undertakings	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

Millward Brown UK Limited has investments in the following associated undertakings

Associated undertakings			
RSMB Television Research Limited	Market research agency registered and operating in England and Wales	50%	4,668 ordinary shares of £1 each

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

11. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Trade debtors	17,660	17,717
Amounts owed by other group undertakings	15,536	7,080
Prepayments and accrued income	16,585	9,771
	<u>49,781</u>	<u>34,568</u>

12. DEFERRED TAX

A deferred tax asset of £1,998k (2009 £1,982k) has not been recognised in respect of depreciation in excess of capital allowances and £655k (2009 £526k) in respect of share based payments 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

	2010 £'000	2009 £'000
Trade creditors	4,771	2,547
Amounts owed to other group undertakings	7,661	5,257
Other taxation and social security	1,164	1,672
Deferred Income	9,187	7,491
Accruals and other creditors	15,961	9,322
	<u>38,744</u>	<u>26,289</u>

14. PROVISION FOR LIABILITIES

	Dilapidation Provision £'000	Total £'000
As at 1 January 2010	439	439
Utilised / released in Year	(157)	(157)
Provided in Year	148	148
As at 31 December 2010	<u>430</u>	<u>430</u>

Dilapidation Provision

In the year provisions have been made for dilapidations on 7 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

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

15. CALLED-UP SHARE CAPITAL

	2010	2009
	£'000	£'000
Authorised, equity share capital		
9,000,000 ordinary shares of 10p each	900	900
	<u>900</u>	<u>900</u>
Allotted, called-up and fully paid, equity share capital		
7,160,000 ordinary shares of 10p each	716	716
	<u>716</u>	<u>716</u>

16. RESERVES

	Share premium account	Merger reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2010	1,545	1,275	40,427	43,247
Profit for the financial year	-	-	12,688	12,688
Dividends paid	-	-	(30,000)	(30,000)
Capital Contribution from Parent company	-	-	639	639
	<u>1,545</u>	<u>1,275</u>	<u>23,754</u>	<u>26,574</u>
At 31 December 2010	<u>1,545</u>	<u>1,275</u>	<u>23,754</u>	<u>26,574</u>

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

	2010	2009
	£'000	£'000
Profit for the financial year	12,688	10,551
Dividends paid	(30,000)	-
	<u>(17,312)</u>	<u>10,551</u>
Net transfer to shareholders' funds	(17,312)	10,551
Capital Contribution from parent company	639	522
Opening shareholders' funds	43,963	32,890
	<u>43,963</u>	<u>32,890</u>
Closing shareholders' funds	<u>27,290</u>	<u>43,963</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
- within one year	201	18	82	228
- during the second to fifth years	826	230	235	252
- after five years	-	780	-	-
	<u>1,027</u>	<u>1,028</u>	<u>317</u>	<u>480</u>

19. FINANCIAL COMMITMENTS

Capital commitments are as follows

	2010 £'000	2009 £'000
Contracted but not provided for		
- other	<u>128</u>	<u>80</u>

20. 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 £265k (2009 £237k) were outstanding at the year end, were charged against profits as and when incurred and amounted to £1,286k (2009 £1,292k).

Defined benefit scheme

The company has paid contributions to one (2009 one) defined benefit schemes, the Research International Superannuation Fund for 1 employee (2009 5). 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.

The total charge for the year for the RISF scheme was £22k (2009 £68k). Contributions of £2k (2009 £3k) were outstanding at the year end. Details of the RISF funded benefit scheme are disclosed in the financial statements of Research International Limited, a fellow group company. This scheme had a net deficit of £2,319k at 31 August 2008 on an FRS17 basis.

21. 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.

22. 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 2010

23. SHARE BASED PAYMENTS

The company charged the following amounts to the profit and loss account in 2010 and 2009 in relation to equity-settled share based payments

	2010 £'000	2009 £'000
Share Options		
WPP Worldwide Share Ownership Plan	58	73
WPP Executive Share Option Plan	-	(6)
Restricted Stock		
WPP Performance Share Awards	393	330
WPP Leaders, Partners and High Potential Group	188	125
	<u>639</u>	<u>522</u>

These amounts have been credited to Equity as a Parent Company Capital contribution in accordance with UITF 44 "Group and Treasury Share Transactions" (see note 17 Reconciliation of Movements in Shareholders' Funds)

Terms of share 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 Group plc. It is not available to those participating in other share-based incentive programmes or to executive directors. 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 Share Option Plan

The WPP Executive Share Option Plan has historically been open for participation to members of the WPP Group 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 group 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 Group plc.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2010

23 SHARE BASED PAYMENTS (CONTINUED)

Movement on stock options granted and weighted average exercise price during the year are as follows

	At 1 Jan 2010 number	Granted Number	Exercised number	Lapsed/ Transferred number	Outstanding At 31 December 2010 number	Exercisable At 31 December 2010 number
WPP Worldwide Share ownership	373,400	83,600	22,481	67,619	366,900	164,800
Weighted-average exercise price	£5 85	£7 11	£5 91	£6 30	£5 93	£6 91
WPP Executive Share Option Plan	161,425	-	85,488	-	75,937	75,937
Weighted-average exercise price	£5 49	-	£5 39	-	£6 22	£6 22

Options outstanding at 31 December 2010 had a range of exercise prices from £3 90 to £7 18. The weighted average contractual life of those options was 77 months (2009 62)

The weighted average share price of WPP Group plc for the year ended 31 December 2010 was £6 78 (2009 £4 72)

The inputs into the Black – Scholes Option Pricing Model are as follows

	2010	2009
Weighted average share price	144 5p	115 5p
Expected volatility	30%	30%
Expected Life	48 months	48 months
Risk –free rate	1 76%	2 27%
Expected dividend yield	2 5%	2 5%

Options are issued at an exercise price equal to market value on date of grant

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

23. SHARE BASED PAYMENTS (CONTINUED)

Terms of Restricted stock plans

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

Performance Share Awards (PSA)

The PSA incentive plan was introduced in 2005 and replaced the Long Term Incentive Plan detailed below. Grants of restricted 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.

Long Term Incentive Plans (LTIP)

Prior to the introduction of PSA, certain employees of the company participated in long term incentive plans based on the achievement of three-year financial performance targets. These plans operated on a rolling three-year basis. The value of payments earned by executives over each performance period was typically based on the achievement of targeted improvements in the following performance measures over the relevant three-year period:

- (i) average operating profit or profit before taxation,
- (ii) average operating margin.

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.

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:

	2010	2009
Performance Share Awards		
Number of shares granted	37,863	141,085
Weighted average fair value at grant date (pence per share)	659p	384p
Leaders, Partners and High Potential Group		
Number of shares granted	19,354	38,170
Weighted average fair value at grant date (pence per share)	725p	590p

24. POST BALANCE SHEET EVENT

On 1 January 2011 the majority of the business of related company Business Planning and Research Limited and the entire business of related company DynamicLogic Europe Limited were transferred into Millward Brown UK Limited. This transfer is expected to increase revenue by £5.5m and operating profit by £0.9m. The operations transferred generated revenues of £4.8m and operating profit of £0.3m in 2010.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

25. 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

Copies of the financial statements of WPP plc are available at www.wppinvestor.com. Copies of the financial statements of Lexington International B V can be obtained from Wilhelminaplein 10, 3072 DE Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK