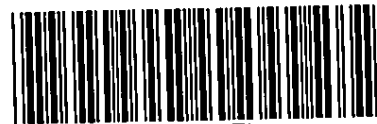


**MILLWARD BROWN UK LIMITED**

**Report and Financial Statements**

**31 December 2008**

TUESDAY



\*A5AZIF8T\*

A35

24/11/2009

96

COMPANIES HOUSE

# MILLWARD BROWN UK LIMITED

## REPORT AND FINANCIAL STATEMENTS 2008

### CONTENTS

	Page
Directors & professional advisors	3
Directors' report	4
Statement of directors' responsibilities	7
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

J D Knight

T Wragg

### **Secretary:**

J D Knight (appointed 24<sup>th</sup> March 2009)

### **Auditors:**

Deloitte LLP

Chartered Accountants & Registered Auditors

Birmingham, UK

### **Bankers:**

HSBC

### **Solicitors:**

Hammonds 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 2008.

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

Sales Growth 1.3% (v 0.5% in 2007).

Turnover for the year was £115.0m, up from £113.6m in 2007. This was an excellent achievement in difficult market conditions, underpinned by growth in the core tracking business & on the PR side.

Gross Margin Percentage 59% (v56% in 2007).

The Gross Margin Percentage increased in 2008 as a result of operational efficiencies, in particular the rationalisation of the interviewing infrastructure, culminating in the closure of the quota panel in October 2008.

Staff costs / Revenue Percentage 43.1% (v 44.3% in 2007)

Staff costs have fallen in 2008 through continuing operational efficiencies, including the elimination of most face to face interviewing.

Operating profit for the year was £13.1m v £10.8m in 2007. Included in the 2007 results were costs of £1.4m relating to the set up of an off-shore DP & coding facility.

Dividends of £12m were proposed and paid in the year (2007 - £15m). The profit transferred to / (from) reserves in the year was £2.3m (2007: (£3.1 m)).

The Balance Sheet on page 10 of the financial statements shows that the company's financial position at the year end is, in net asset terms, consistent with the prior year.

### PRINCIPAL RISKS & UNCERTAINTIES

UK market conditions were difficult in 2008 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 are not expected to improve in 2009.

The continuing switch to the web for data collection is both a risk and an opportunity. Traditional methodologies have infra-structural costs that are difficult to reduce in the short term. Longer term capacity reductions often involve "one off" costs. However, the reduction in fieldwork cost can give the opportunity to sell a more consultancy based service. The switching process was largely completed in 2008, & only a small percentage of data collection will be carried out either face to face or by telephone going forward.

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 & 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 & is generating positive cash flow. It has no dependence on any external banking facilities. Profitable trading has continued to date in 2009 & is forecast to do so for the rest of the year. Budgets for 2010 have been prepared anticipating that profitable trading will continue next 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 on page 13.

# **MILLWARD BROWN UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS AND THEIR INTERESTS**

The directors of the Company during the year were as follows

R D Finnigan (resigned 24<sup>th</sup> March 2009)

JD Knight (appointed 24<sup>th</sup> March 2009)

S L Potter

S M Thompson

W H Nash (resigned 24<sup>th</sup> March 2009)

T Wragg (appointed 24<sup>th</sup> March 2009)

M Leigh

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, M Leigh retires by rotation and, being eligible, offers himself 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 20 days (2007 – 20 days) of purchases outstanding as at 31 December 2008 based on the average daily amount invoiced by suppliers during the year.

### **EMPLOYEES**

Details of the number of employees & related costs can be found in note 5 to the financial statements on page 15.

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 £10,186 (2007: £4,925).

**MILLWARD BROWN UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**AUDITORS**

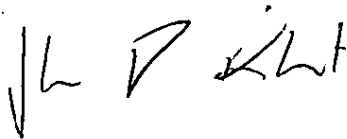
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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



J D Knight  
Director

18<sup>th</sup> November 2009

Olympus Avenue  
Tachbrook Park  
Warwick  
CV34 6RJ

## **MILLWARD BROWN UK LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the 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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## MILLWARD BROWN UK LIMITED

### 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 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 24. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte LLP*

**Deloitte LLP**

Chartered Accountants and Registered Auditors  
Birmingham, UK

*19 November 2009*



# MILLWARD BROWN UK LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
<b>TURNOVER</b>	2	115,015	113,583
Cost of sales		(47,348)	(49,464)
<b>GROSS PROFIT</b>		<u>67,667</u>	<u>64,119</u>
<b>ADMINISTRATIVE EXPENSES</b>		(54,538)	(53,366)
<b>OPERATING PROFIT</b>	3	13,129	10,753
Interest receivable and similar income	6	1,210	1,623
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>14,339</u>	<u>12,376</u>
Tax on profit on ordinary activities	7	-	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>14,339</u>	<u>12,376</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 2008**

	Note	2008 £'000	2007 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	4,048	4,401
Investments	10	2	2
		<u>4,050</u>	<u>4,403</u>
<b>CURRENT ASSETS</b>			
Debtors	11	30,250	27,967
Cash at bank and in hand		22,369	22,796
		<u>52,619</u>	<u>50,763</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(23,399)	(25,013)
		<u>29,220</u>	<u>25,750</u>
<b>NET CURRENT ASSETS</b>			
		<u>33,270</u>	<u>30,153</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>PROVISIONS FOR LIABILITIES</b>	14	(380)	(227)
		<u>32,890</u>	<u>29,926</u>
<b>NET ASSETS</b>			
		<u>32,890</u>	<u>29,926</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	29,354	26,390
		<u>32,890</u>	<u>29,926</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	17	<u>32,890</u>	<u>29,926</u>


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

These financial statements were approved by the Board of Directors on

18<sup>th</sup> November 2009

Signed on behalf of the Board of Directors

J D Knight  
Director



# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2008

### 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 & is generating positive cash flow. It has no dependence on any external banking facilities. Profitable trading has continued to date in 2009 & is forecast to do so for the rest of the year. Budgets for 2010 have been prepared anticipating that profitable trading will continue next 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.

#### 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 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 2008

### 1 ACCOUNTING POLICIES (CONT)

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 2008

### 1 ACCOUNTING POLICIES (CONT)

#### 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 in 2008 and 2007 arose from continuing activities within the UK and comprises the following destinations:

	2008 £'000	2007 £'000
United Kingdom	88,394	87,856
Rest of Europe	23,633	21,502
United States of America	2,654	3,063
Rest of world	334	1,162
	<u>115,015</u>	<u>113,583</u>

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2008

### 3. OPERATING PROFIT

Operating profit is stated after charging:

	2008 £'000	2007 £'000
Depreciation of tangible fixed assets	1787	1,687
Loss on disposal of tangible fixed assets of continuing operations	(78)	(8)
Net foreign exchange gains / (losses)	731	(33)
Operating lease rentals		
- land & buildings	1,799	1,792
- other	771	633
	<u>771</u>	<u>633</u>

### AUDITORS REMUNERATION

	2008 £'000	2007 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	87	88
Total Audit Fees	<u>87</u>	<u>88</u>
Employment Tax Fees / VAT consultancy	15	19
Total non-audit fees	<u>15</u>	<u>19</u>

### 4. DIRECTORS' REMUNERATION

The remuneration of the directors was as follows:

	2008 £'000	2007 £'000
Emoluments	973	804
Amounts receivable under long-term incentive schemes	139	248
Company contributions to money purchase pension schemes	86	81
	<u>1,198</u>	<u>1,133</u>

Five of the directors were remunerated by the company (2007 – five). 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 was as follows:

	2008 Number	2007 Number
Money purchase schemes	<u>5</u>	<u>5</u>

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2008

### 4. DIRECTORS' REMUNERATION (CONTINUED)

#### Highest-paid director

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

	2008 £'000	2007 £'000
Emoluments	313	235
Amounts receivable under long-term incentive schemes	52	126
Company contributions to money purchase schemes	27	25
	<u>392</u>	<u>386</u>

### 5. STAFF COSTS

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

	2008 £'000	2007 £'000
Employee costs during the year amounted to:		
Wages and salaries	44,420	45,021
Social security costs	3,893	3,984
Other pension costs (see note 20)	1,349	1,261
	<u>49,662</u>	<u>50,266</u>

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

	2008 Number	2007 Number
Management and administration	150	156
Client service	353	337
Operations	2,916	3,181
	<u>3,419</u>	<u>3,674</u>

### 6. FINANCE CHARGES

	2008 £'000	2007 £'000
<b>Interest receivable and similar income</b>		
Interest on bank deposits	960	1,373
Income from fixed asset investments	250	250
	<u>1,210</u>	<u>1,623</u>

**MILLWARD BROWN UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2008**

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

The corporation tax charge for the year is £nil (2007 - £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 28.5% (2007 – 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>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£000</b>
Profit on ordinary activities before tax	14,339	12,376
Tax on profit on ordinary activities at standard rate	4,087	3,713
Factors affecting charge for the period:		
Depreciation in excess of capital allowances	509	508
Other timing differences	-	3
Expenses not deductible for tax purposes	250	257
UK dividend income	(75)	(75)
Group relief claimed for nil consideration	(4,771)	(4,406)
Total actual amount of current tax	-	-

**8. DIVIDENDS**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Interim dividend paid of £1.68 (2007 - £2.16 ) per ordinary share	12,000	15,500
	12,000	15,500



**MILLWARD BROWN UK LIMITED**

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

**Year ended 31 December 2008**

**9. TANGIBLE FIXED ASSETS**

	Short leasehold improvements £'000	Fixtures, fittings equipment and vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2008	2,795	7,262	10,057
Additions	456	1,063	1,519
Disposals	(187)	(1,347)	(1,534)
At 31 December 2008	<u>3,064</u>	<u>6,978</u>	<u>10,042</u>
<b>Depreciation</b>			
At 1 January 2008	1,278	4,378	5,656
Charge for the year	385	1,402	1,787
Disposals	(111)	(1,338)	(1,449)
At 31 December 2008	<u>1,552</u>	<u>4,442</u>	<u>5,994</u>
<b>Net book value</b>			
At 31 December 2008	<u>1,512</u>	<u>2,536</u>	<u>4,048</u>
At 31 December 2007	<u>1,517</u>	<u>2,884</u>	<u>4,401</u>

**10. INVESTMENTS HELD AS FIXED ASSETS**

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

	2008 £'000	2007 £'000
<b>Cost and net book value</b>		
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

<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

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2008

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

	2008 £'000	2007 £'000
Trade debtors	13,099	13,933
Amounts owed by other group undertakings	9,486	6,699
Prepayments and accrued income	7,665	7,335
	<u>30,250</u>	<u>27,967</u>

### 12. DEFERRED TAX

A deferred tax asset of £2,661,000 (2007: £2,583,000) has not been recognised in respect of depreciation in excess of capital allowances, share based payments and other timing differences 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

	2008 £'000	2007 £'000
Trade creditors	2,176	5,540
Amounts owed to other group undertakings	2,136	4,241
Other taxation and social security	3,418	3,316
Deferred Income	5,507	4,620
Accruals and other creditors	10,162	7,296
	<u>23,399</u>	<u>25,013</u>

**MILLWARD BROWN UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2008**

**14. PROVISION FOR LIABILITIES**

	<b>Onerous Lease £'000</b>	<b>Dilapidation Provision £'000</b>	<b>Total £'000</b>
As at 1 January 2008	139	88	227
Utilised / released in Year	(116)	(100)	(216)
Provided in Year	-	369	369
As at 31 December 2008	<u>23</u>	<u>357</u>	<u>380</u>

***Onerous Lease Commitment***

As at 31 December 2007 £139k was provided as the remaining provision for the onerous lease commitments on two properties that were closed as part of the strategic review of operations capacity in 2004 & 2005. As at December 2008 £23k continues to be provided for these two properties. It is expected that the remaining provision will be utilised in the next year.

***Dilapidation Provision***

In the year provisions of £369k have been made for delapidations on 8 other 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. A provision of £100k was released in the year as a result of the assignment of the lease on the Spa Park property to a 3<sup>rd</sup> party. The remaining provisions will be utilised in the period 2010 – 2015, as the various leases expire.

**15. CALLED-UP SHARE CAPITAL**

	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Authorised, equity share capital</b> 9,000,000 ordinary shares of 10p each	<u>900</u>	<u>900</u>
<b>Allotted, called-up and fully paid, equity share capital</b> 7,160,000 ordinary shares of 10p each	<u>716</u>	<u>716</u>

**MILLWARD BROWN UK LIMITED**

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

**Year ended 31 December 2008**

**16. RESERVES**

	Share premium account	Merger reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2008	1,545	1,275	26,390	29,210
Dividends paid (note 8)			(12,000)	(12,000)
Profit for the financial year			14,339	14,339
Capital Contribution from Parent company			625	625
	<u>1,545</u>	<u>1,275</u>	<u>29,354</u>	<u>32,174</u>
At 31 December 2008	<u>1,545</u>	<u>1,275</u>	<u>29,354</u>	<u>32,174</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 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**

	2008 £'000	2007 £'000
Profit for the financial year	14,339	12,376
Dividends paid	(12,000)	(15,500)
Net transfer (from) shareholders' funds	2,339	(3,124)
Capital Contribution from parent company	625	730
Opening shareholders' funds	29,926	32,320
Closing shareholders' funds	<u>32,890</u>	<u>29,926</u>

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2008

### 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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Commitment expiring:				
- within one year	68	188	12	11
- during the second to fifth years	197	746	469	429
- after five years	780	537	3	-
	<u>1,045</u>	<u>1,471</u>	<u>484</u>	<u>440</u>

### 19. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	2008 £'000	2007 £'000
Contracted but not provided for:		
- other	<u>192</u>	<u>224</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 £242k (2007: £239k) were outstanding at the year end, were charged against profits as and when incurred and amounted to £1,330k (2007: £1,431k).

#### Defined benefit scheme

The company has paid contributions to two defined benefit schemes, the Research International Superannuation Fund (for 5 employees) and the Mass Observations scheme (for 1 employee). These are both multi employer schemes, 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 £131k (year ended 31 December 2007 - £79k). Contributions of £63k (year ended 31 December 2007 - £6k) 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.

The total charge for the year for the Mass Observations scheme was £5k (year ended 31 December 2007 - £13k). No contributions were outstanding at the year-end (year ended 31 December 2007 - £1k). Details of the Mass Observations scheme funded benefit scheme are disclosed in the financial statements of BMRB Limited, a fellow group company. This scheme had a net deficit of £290k at 1<sup>st</sup> April 2004 on an FRS17 basis.

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

**Year ended 31 December 2008**

**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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2008

23. SHARE BASED PAYMENTS

The company charged the following amounts to the profit and loss account in 2008 and 2007 in relation to equity-settled share based payments.

	2008 £'000	2007 £'000
<b>Share Options</b>		
WPP Worldwide Share Ownership Plan	81	124
WPP Executive Share Option Plan	23	47
<b>Restricted Stock</b>		
WPP Performance Share Awards	378	368
WPP Long Term Incentive Plans	-	67
WPP Leaders, Partners and High Potential Group	143	124
	625	730
	625	730

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 2008

### 23. SHARE BASED PAYMENTS (CONTINUED)

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

	At 1 Jan 2008 number	Granted number	Exercised number	Lapsed/ Transferred number	Outstanding At 31 December 2008 number	Exercisable At 31 December 2007 number
WPP Worldwide Share ownership	288,194	92,137	1,700	51,687	326,944	131,819
Weighted-average exercise price	£6.76	£6.03	£4.35	£6.73	£6.57	£6.15
WPP Executive Share Option Plan	161,425	-	-	-	161,425	161,425
Weighted-average exercise price	£5.490				£5.49	£5.49

Options outstanding at 31 December 2008 had a range of exercise prices from £3.90 to £7.55. The weighted average contractual life of those options was 77 months.

The weighted average share price of WPP Group plc for the year ended 31 December 2008 was £5.12 (2007: £7.09).

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

	2008	2007
Weighted average share price	129.5p	188.3p
Expected volatility	25%	25%
Expected Life	48 months	48 months
Risk –free rate	3.93%	5.26%
Expected dividend yield	1.75%	1.5%

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

#### 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.



## MILLWARD BROWN UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2008

#### 23. SHARE BASED PAYMENTS (CONTINUED)

##### *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:

	2008	2007
<b>Performance Share Awards</b>		
Number of shares granted	68,055	54,721
Weighted average fair value at grant date (pence per share)	591p	780p
<b>Leaders, Partners and High Potential Group</b>		
Number of shares granted	51,565	30,691
Weighted average fair value at grant date (pence per share)	375p	648p

#### 24. 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, this is the smallest and largest group into which the company is consolidated. WPP Group plc's principal place of business is at 27 Farm Street, London W1X 6RD. The consolidated financial statements are available from that address.