

MILLWARD BROWN UK LIMITED

Report and Financial Statements

31 December 2005



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REPORT AND FINANCIAL STATEMENTS 2005

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The results for 2005 represented a good achievement in difficult market conditions. Trading conditions are expected to continue to be difficult, but there are signs that the market is improving. The directors do not foresee that the trading performance will deteriorate in 2006.

RESULTS AND DIVIDENDS

Turnover for the year was £115.4 million (2004 - £105.4 million) on which a profit before taxation of £15.1 million (2004 - £27.0 million) was recorded.

Dividends of £11.0 million were proposed and paid in the year (2004 - £22.0 m). The profit transferred to reserves in the year was £3.6 million (2004 - £4.4 m).

ACQUISITION

On 1 January 2005 Millward Brown UK Limited purchased the trade and assets of Millward Brown Precis Limited for £1.7m. The purchase consideration was settled by way of an Intercompany loan equal to the fair value of the assets acquired. No goodwill arose on this transaction.

DIRECTORS AND THEIR INTERESTS

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

- R D Finnigan
- S L Potter
- M S Sorrell
- S M Thompson
- S M Gardiner (resigned 17 April 2006)

W Nash & M Leigh were appointed directors on 1 January 2006

The beneficial interests of directors, who held office at 31 December 2005, in the 10p ordinary shares and other securities of the ultimate parent company, WPP Group Plc, are set out below:

	Ordinary shares	
	2005	2004
	Number	Number
S M Gardiner	7,797	10,411
S L Potter	24,704	20,575
S M Thompson	500	300

DIRECTORS' REPORT (CONTINUED)

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

Director	At 1 Jan 2005 Number	Granted 2005 Number	Vested 2005 Number	At 31 Dec 2005 Number	Grant date	Vest date	
R D Finnigan	2,927	-	-	2,927	October 2003	March 2006	
	3,191	-	-	3,191	November 2004	March 2007	
	-	482	-	482	March 2005	March 2006	
	-	482	-	482	March 2005	March 2007	
	-	741	-	741	November 2005	November 2008	
S M Thompson	3,191	-	-	3,191	November 2004	March 2007	
	-	741	-	741	November 2005	November 2008	
S M Gardiner	8,948	-	(8,984)	-	March 2003	March 2005	
	2,345	-	(2,345)	-	May 2003	March 2005	
	535	-	(535)	-	June 2004	March 2005	
	535	-	-	535	June 2004	March 2006	
	-	1,753	-	1,753	March 2005	March 2006	
	-	1,753	-	1,753	March 2005	March 2007	
	9,368	-	-	9,368	October 2003	March 2006	
	3,646	-	-	3,646	November 2004	March 2007	
	1,823	-	-	1,823	November 2004	March 2007	
	S L Potter	8,948	-	(8,984)	-	March 2003	March 2005
		2,345	-	(2,345)	-	May 2003	March 2005
		535	-	(535)	-	June 2004	March 2005
		535	-	-	535	June 2004	March 2006
566		-	(566)	-	March 2001	March 2005	
-		1,753	-	1,753	March 2005	March 2006	
-		1,753	-	1,753	March 2005	March 2007	
9,368		-	-	9,368	October 2003	March 2006	
584		-	-	584	March 2002	March 2006	
6,071		-	-	6,071	November 2004	March 2007	
3,045		-	-	3,045	November 2004	March 2007	
3,073		-	-	3,073	November 2004	March 2007	
-		4,448	-	4,448	November 2005	November 2008	

DIRECTORS' REPORT (CONTINUED)

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

Director	Date granted	Number of unexercised options	Exercisable period	Grant price
S M Gardiner	24 September 1999	6,140	September 2002 and September 2009	570p
	21 September 2000	3,325	September 2003 and September 2010	901p
	21 September 2000	4,444	September 2003 and September 2010	901p
	21 September 2001	14,026	September 2004 and September 2011	486.5p
	31 May 2002	125	May 2005 and May 2012	718p
	19 September 2002	16,862	September 2005 and September 2012	421p
	17 November 2003	11,676	November 2006 and November 2013	559.5p
	29 October 2004	10,866	October 2007 and October 2014	553.5p
S L Potter	28 September 1998	5,688	September 2001 and September 2008	293p
	24 September 1999	6,140	September 2002 and September 2009	570p
	21 September 2000	3,325	September 2003 and September 2010	901p
	21 September 2000	621	September 2003 and September 2010	901p
	21 September 2001	20,555	September 2004 and September 2011	486.5p
	19 September 2002	25,293	September 2005 and September 2012	421p
	17 November 2003	17,515	November 2006 and November 2013	559.5p
	29 October 2004	16,300	October 2007 and October 2014	553.5p
R D Finnigan	31 March 1998	300	March 2001 and March 2008	340p
	1 April 1999	200	April 2002 and April 2009	531.5p
	31 May 2000	125	May 2003 and May 2010	779p
	1 June 2001	125	June 2004 and June 2011	796p
	31 May 2002	125	May 2005 and May 2012	718p
	19 September 2002	3,832	September 2005 and September 2012	421p
	17 November 2003	1,593	November 2006 and November 2013	559.5p
	17 November 2003	1,060	November 2006 and November 2013	559.5p
S M Thompson	29 October 2004	2,469	October 2007 and October 2014	553.5p
	21 March 2000	296	March 2003 and March 2010	1,077p
	31 May 2000	125	May 2003 and May 2010	779p
	21 September 2001	3,506	September 2004 and September 2011	486.5p
	31 May 2002	125	May 2005 and May 2012	718p
	19 September 2002	3,832	September 2005 and September 2012	421p
	17 November 2003	2,653	November 2006 and November 2013	559.5p
	29 October 2004	2,469	October 2007 and October 2014	553.5p

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

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

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

In accordance with the company's Articles of Association, RD Finnigan 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 (2004 – 24 days) of purchases outstanding as at 31 December 2005 based on the average daily amount invoiced by suppliers during the year.

DIRECTORS' REPORT (CONTINUED)

DISABLED EMPLOYEES AND EMPLOYEE CONSULTATION

It is company policy to maintain safe and healthy working conditions and to give fair consideration to the employment needs of disabled people and to comply with any current legislation relating to disabled persons. The directors recognise the importance of good communications and relations with employees and have developed employee participation practices appropriate to the company's requirements.

CHARITABLE CONTRIBUTIONS

During the year charitable contributions amounted to £11,211 (2004 - £13,179).

FINANCIAL RISK

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.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



R D Finnigan
Director
11 July 2006

Olympus Avenue
Tachbrook Park
Warwick
CV34 6RJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

We have audited the financial statements of Millward Brown UK Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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 or material inconsistencies with the financial statements.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of the profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

12 July 2006

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
TURNOVER	2	115,428	105,356
Cost of sales		(59,681)	(56,865)
GROSS PROFIT		55,747	48,491
ADMINISTRATIVE EXPENSES		(41,934)	(37,967)
OPERATING PROFIT	3	13,813	10,524
Profit on sale of fixed asset investment		-	15,591
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		13,813	26,115
Finance charges (net)	6	1,251	878
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,064	26,993
Tax on profit on ordinary activities	7	(462)	(600)
PROFIT FOR THE FINANCIAL YEAR		14,602	26,393
Dividends paid and proposed on equity shares	8	(11,000)	(22,000)
RETAINED PROFIT FOR THE YEAR	19	3,602	4,393

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.

BALANCE SHEET
31 December 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	9	2,845	2,677
Investments	10	2	2
		<u>2,847</u>	<u>2,679</u>
CURRENT ASSETS			
Work-in-progress	12	-	86
Debtors	13	24,476	24,654
Cash at bank and in hand		29,703	22,393
		<u>54,179</u>	<u>47,133</u>
CREDITORS: amounts falling due within one year	15	<u>(23,062)</u>	<u>(19,081)</u>
NET CURRENT ASSETS		<u>31,117</u>	<u>28,052</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,964	30,731
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(390)</u>	<u>(759)</u>
NET ASSETS		<u><u>33,574</u></u>	<u><u>29,972</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	716	716
Share premium account	18	1,545	1,545
Merger reserve	18	1,275	1,275
Profit and loss account	18	30,038	26,436
TOTAL EQUITY SHAREHOLDERS' FUNDS	19	<u><u>33,574</u></u>	<u><u>29,972</u></u>

These financial statements were approved by the Board of Directors on 11 July 2006.

Signed on behalf of the Board of Directors



R D Finnigan
 Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

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.

Consolidation

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

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

Tangible fixed assets

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

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

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

Investments

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

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

Work-in-progress

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

Debtors

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

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Year ended 31 December 2005****1. ACCOUNTING POLICIES (continued)****Taxation (continued)**

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

Leases

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

Foreign currencies

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

Pension Costs**Defined benefit scheme**

Following the creation of the The Operations Centre (TOC) division in Millward Brown UK Limited on 1 April 2004, six employees of the company were members 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2005

1. ACCOUNTING POLICIES (continued)

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, 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.

2. TURNOVER

The turnover of the company by origin in 2005 and 2004 arose from continuing activities within the UK and comprises the following destinations:

	2005 £'000	2004 £'000
United Kingdom	93,138	79,379
Rest of Europe	14,657	17,273
United States of America	6,485	5,982
Rest of world	1,148	2,722
	<u>115,428</u>	<u>105,356</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005 £'000	2004 £'000
Depreciation of tangible fixed assets	1,512	1,029
Loss on disposal of tangible fixed assets of continuing operations	(2)	-
Operating lease rentals		
- other	2,161	1,987
Auditors' remuneration		
- audit	107	65
- other services	15	49
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2005

4. DIRECTORS' REMUNERATION

Remuneration

The remuneration of the directors was as follows:

	2005 £'000	2004 £'000
Emoluments	540	647
Amounts receivable under long-term incentive schemes	206	50
Company contributions to money purchase pension schemes	57	60
	<u>803</u>	<u>757</u>

Four of the directors were remunerated by the company (2004 – 4). Other directors were employed and remunerated by other companies within the WPP Group.

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

Pensions

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

	2005 Number	2004 Number
Money purchase schemes	<u>4</u>	<u>4</u>

Highest-paid director

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

	2005 £'000	2004 £'000
Emoluments	214	220
Amounts receivable under long-term incentive schemes	102	22
Company contributions to money purchase schemes	21	20
	<u>337</u>	<u>262</u>

5. STAFF COSTS

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

	2005 £'000	2004 £'000
Employee costs during the year amounted to:		
Wages and salaries	49,201	44,460
Social security costs	3,932	3,447
Other pension costs (see note 22)	1,212	1,120
	<u>54,345</u>	<u>49,027</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2005

5. STAFF COSTS (CONTINUED)

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

	2005 Number	2004 Number
Management and administration	184	164
Client service	328	306
Operations	7,103	6,937
	<u>7,615</u>	<u>7,407</u>

6. FINANCE CHARGES (NET)

	2005 £'000	2004 £'000
Interest receivable and similar income		
Interest on bank deposits	1,004	704
Income from fixed asset investments	250	200
	<u>1,254</u>	<u>904</u>
Interest payable and similar charges		
Other interest payable	(3)	(26)
	<u>(3)</u>	<u>(26)</u>
Finance charges (net)	<u>1,251</u>	<u>878</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2005 £'000	2004 £'000
<i>Current taxation</i>		
Corporation tax at 30% (2004 – 30%)	(4,937)	(3,186)
Group relief	4,937	3,186
	<u>-</u>	<u>-</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(50)	(146)
Adjustment in respect of prior years	(412)	(454)
	<u>(462)</u>	<u>(600)</u>
Tax charge on profit on ordinary activities	<u>(462)</u>	<u>(600)</u>

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

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2004 – 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2005	2004
	£'000	£'000
Profit on ordinary activities before tax	15,064	26,993
Tax on profit on ordinary activities at standard rate	4,519	8,098
Factors affecting charge for the period:		
Capital allowances for period in excess of depreciation	466	(103)
Other timing differences	(50)	(41)
Expenses not deductible for tax purposes	44	25
Non taxable gain on disposal of shares	-	(4,677)
Deductions in respect of employee share plans	(17)	(56)
UK dividend income	(75)	(60)
Adjustments to tax charge in respect of group relief	(4,887)	(3,186)
Total actual amount of current tax	-	-

8. DIVIDENDS

	2005	2004
	£'000	£'000
Interim dividend paid of £1.54 (2004 - £3.07) per ordinary share	11,000	22,000
	11,000	22,000

9. TANGIBLE FIXED ASSETS

	Short leasehold improvements	Fixtures, fittings and equipment and vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 January 2005	1,506	9,830	11,336
Additions	27	1,656	1,683
Disposals	-	(100)	(100)
At 31 December 2005	1,533	11,386	12,919
Depreciation			
At 1 January 2005	712	7,947	8,659
Charge for the year	110	1,402	1,512
Disposals	-	(97)	(97)
At 31 December 2005	822	9,252	10,074
Net book value			
At 31 December 2005	711	2,134	2,845
At 31 December 2004	794	1,883	2,677

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2005

10. INVESTMENTS HELD AS FIXED ASSETS

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

	2005 £'000	2004 £'000
Cost and net book value		
Subsidiary undertakings	-	-
Associated undertakings	2	2
	<u>2</u>	<u>2</u>

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

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

11. ACQUISITION OF TRADE AND ASSETS

On 1 January 2005 the company acquired the trade and assets of Millward Brown Preci Limited (registered number 2828554), which is a media analysis business. The fair value of the separable net assets acquired was £1,690,000, giving rise to nil goodwill as follows:

	Book value & Fair Value to company £'000
Fixed Assets	
Tangible Fixed Assets	265
Current Assets	
Debtors	710
Cash at bank and in hand	1,185
Total Assets	<u>2,160</u>
Creditors	
Other Creditors	(470)
Total Liabilities	<u>(470)</u>
Net Assets	<u>1,690</u>
Satisfied by:	
Amounts owed to group undertakings	1,690
	<u>1,690</u>

In the Directors' opinion, the transfer value of these assets were equivalent to their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2005

11. ACQUISITION OF TRADE AND ASSETS (CONTINUED)

The results of the acquired business for the year are not separately identified within the profit and loss account as the results have been fully subsumed into the trading activity of Millward Brown UK Limited.

For the year ended 31 December 2004 Millward Brown Precise Limited recorded a profit before taxation of £479k and a profit after taxation of £459k.

12. WORK-IN-PROGRESS

	2005 £'000	2004 £'000
Work-in-progress	-	86

13. DEBTORS

	2005 £'000	2004 £'000
Trade debtors	11,593	10,370
Amounts owed by other group undertakings	8,042	8,260
Prepayments and accrued income	4,560	5,281
Deferred taxation (note 14)	281	743
	<u>24,476</u>	<u>24,654</u>

14. DEFERRED TAX

	£'000
Balance at 1 January 2005	743
Profit and loss account charge	(462)
Balance at 31 December 2005	<u>281</u>

Deferred tax asset consists of the following amounts:

	2005 £'000	2004 £'000
Depreciation in excess of capital allowances	-	505
Short-term timing differences	281	238
	<u>281</u>	<u>743</u>

A deferred tax asset of £1,437,000 has not been provided in respect of accelerated capital allowances and brought forward losses due to the uncertainty of the assets in the short term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2005

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Trade creditors	4,217	3,355
Amounts owed to other group undertakings	3,897	1,497
Other taxation and social security	4,371	4,301
Other creditors	4,550	4,922
Accruals and deferred income	6,027	5,006
	<u>23,062</u>	<u>19,081</u>

16. PROVISION FOR LIABILITIES AND CHARGES

	Onerous Lease Commitment £'000	Pension Rights £'000	Redundancy Provision £'000	Total £'000
As at 1 January 2005	299	345	115	759
Charged to Profit and Loss Account	270			270
Released Unused		(329)		(329)
Utilised in Year	(184)	(16)	(110)	(310)
As at 31 December 2005	<u>385</u>	<u>-</u>	<u>5</u>	<u>390</u>

Onerous Lease Commitment

As at 1 January 2005 a provision of £299k related to the onerous lease commitments on three buildings that were closed in 2004 as part of the strategic review of operations capability. As at 31 December 2005 £115k of this provision remained on one building closed in 2004 as part of the strategic review of operations capability in the UK. £270k relates to onerous lease commitments on a telephone unit that was closed in 2005, but carries a lease that is due to expire in December 2008.

Pension Rights

As at 1 January 2005 £345k related to a legal claim brought by part-time employees in relation to pension rights. During the year, £16k has been utilised and £329k released unused, due to the expiry of a right to claim.

Redundancy Provision

As at 1 January 2005 Redundancy costs of £115k were provided for redundancy costs associated with the closure programme. As at 31 December 2005 £5k of outstanding redundancy costs are provided.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2005

17. CALLED-UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised, equity share capital 9,000,000 ordinary shares of 10p each	900	900
Allotted, called-up and fully paid, equity share capital 7,160,000 ordinary shares of 10p each	716	716

18. RESERVES

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2005	1,545	1,275	26,436	29,256
Profit for the year	-	-	3,602	3,602
At 31 December 2005	1,545	1,275	30,038	32,858

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
Profit for the financial year	14,602	26,393
Dividends paid and proposed	(11,000)	(22,000)
Net addition to shareholders' funds	3,602	4,393
Opening shareholders' funds	29,972	25,579
Closing shareholders' funds	33,574	29,972

20. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Commitment expiring:				
- within one year	12	-	4	66
- during the second to fifth years	398	91	288	98
- after five years	1,268	1,069	145	244
	1,678	1,160	437	408

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2005

21. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	2005 £'000	2004 £'000
Contracted but not provided for:		
- other	87	50
	<u>87</u>	<u>50</u>

22. 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 £ 345,000 (2004 - £284,000) were outstanding at the year end, were charged against profits as and when incurred and amounted to £1,163,000 (2004 - £1,116,000).

Defined benefit scheme.

The company also pays contributions to the Research International Superannuation Fund (RISF), a funded benefit scheme, for six employees. This is a multi-employer scheme, the assets and liabilities are 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 was £49,000 (year ended 31 December 2004 - £4,000). Contributions of £3,000 (year ended 31 December 2004 - nil) 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 £2,348,000 at 31 December 2004 on an FRS17 basis.

23. FINANCIAL GUARANTEES

The company participates in group banking arrangements with its parent, WPP Group plc, and has access to a group cash management facility. The company guarantees the facility to the extent of its cash deposited in the UK with its clearing bank. The company together with its parent, WPP Group Plc, and certain other subsidiary undertakings, is a 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.

24. RELATED PARTY TRANSACTIONS

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

25. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary undertaking of WPP Group Plc, a company registered in England and Wales. WPP Group Plc is also the company's ultimate controlling party.

The results of Millward Brown UK Limited are consolidated only into the financial statements of its ultimate parent company, whose principal place of business is at 27 Farm Street, London W1X 6RD. The consolidated financial statements are available from that address.