



ARTHUR ANDERSEN

J. Walter Thompson UK Holdings Limited

Accounts 31 December 1999
together with directors' and auditors' reports

Registered number: 280055



Directors' report

For the year ended 31 December 1999

The directors present their report together with the financial statements and auditors' report of the company for the year ended 31 December 1999.

Principal activities and business review

The company is a holding company. The principal activities of its subsidiary undertakings are to act as agents and consultants in advertising, marketing and market research.

Results for the financial year showed a profit after tax of £3,919,000 (1998 - £3,072,000). The directors propose a dividend of £70,239 (1998 - £50,296). An interim dividend of £3,790,000 was paid (1998 - £51,000).

Directors and their interests

The directors who served during the year were as follows:

M.S. Sorrell
A.K. Sanderson
P. Richardson

None of the directors held any shares in the company during the year or had a beneficial interest in any contract or arrangement to which the company was a party during the year.

The interests of M.S. Sorrell and P. Richardson in the shares of WPP Group plc, the ultimate parent company, are disclosed in the financial statements of that company. The beneficial interests of the remaining directors in the shares and of WPP Group plc were as follows:

	31 December 1998 Number	Granted during year	Exercised in year	1 January 1999 Number
A.K. Sanderson	600	200	-	800

Year 2000

An assessment of the potential impact of the Year 2000 issue on the business and operations of the company has been undertaken at group level. Further details regarding this assessment are contained within the financial statements of the ultimate parent undertaking, WPP Group plc.

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 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, 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 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

40 Berkeley Square
London
W1X 6AD

By order of the Board,



A.K. Sanderson
Director

20 July 2000



To the Shareholders of J. Walter Thompson UK Holdings Limited:

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the company's state of affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

20 July 2000

Profit and loss account

For the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Interest on loans from fellow group undertakings		25	554
Dividends received from subsidiary undertaking		3,907	2,518
Profit on ordinary activities before taxation	2	3,932	3,072
Tax on profit on ordinary activities	3	(13)	-
Profit on ordinary activities after taxation		3,919	3,072
Dividends paid and proposed (on equity and non-equity shares)	13	(4,040)	(101)
Retained (loss)/profit for the year	9	(121)	2,971
Bonus distribution		-	(800)
Retained profit, brought forward		2,640	469
Retained profit, carried forward	9	2,519	2,640

There are no recognised gains and losses in either year other than the profit on ordinary activities after taxation for the year of £3,919,000 (1998 - £3,072,000).

All operations of the company continued throughout both periods and no operations were acquired or discontinued.

The accompanying notes are an integral part of these financial statements.

Balance sheet

31 December 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	5	38,337	38,337
Current assets			
Debtors - due within one year	6	8,730	8,856
- due after one year	6	8,752	8,727
Creditors: Amounts falling due within one year	7	(70)	(50)
Net current assets		17,387	17,533
Total assets less current liabilities		55,749	55,870
Net assets		55,749	55,870
Capital and reserves			
Called-up share capital	8	32,248	32,248
Share premium	11	20,982	20,982
Profit and loss account	11	2,519	2,640
Shareholders' funds	12	55,749	55,870
Shareholders' funds may be analysed as:			
Equity interests		41,721	41,842
Non-equity interests		14,028	14,028
Total capital employed	12	55,749	55,870

The accounts were approved by the Board of Directors and signed on its behalf on 20 July 2000 by

A.K. Sanderson

Director



The accompanying notes are an integral part of this balance sheet.

Notes to financial statements

31 December 1999

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is as follows:

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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 prepared consolidated accounts which are publicly available.

b) Investments

Fixed asset investments are shown at cost less provision for impairment.

c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

d) Foreign currencies

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 hedged, at the forward contract rate. Items of income and expenditure are translated at the rate of exchange ruling at the date of recording the transaction in the financial statements, 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.

e) Cash flow statement

Under the provision of Financial Reporting Standard 1 (Revised) the company has not presented a cash flow statement as it is a wholly owned subsidiary undertaking of WPP Group plc, which is registered in England and Wales, and which has prepared consolidated accounts which include the results of the company and which contain a cash flow statement.

Notes to financial statements (continued)

2 Profit on ordinary activities before taxation

The auditors' remuneration was borne by the company's main operating subsidiary undertaking, J. Walter Thompson Group Limited.

None of the directors received any remuneration (including pensions and pension contributions) for their services to the company (1998 – nil).

The company has no employees (1998 - nil).

3 Tax on profit on ordinary activities

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

	1999 £'000	1998 £'000
Corporation tax at 30.25% (1998 - 31%)	13	-
Deferred taxation arising from other timing differences	-	-
	<u>13</u>	<u>-</u>

Corporation tax amounting to £172,000 has been eliminated by the transfer of losses from another group company which have been surrendered under the group relief provisions, without any corresponding payment.

4 Dividends

	1999 £'000	1998 £'000
<i>Non equity</i>		
Interim paid of 1 pence (1998: 1 pence) per ordinary share	70	51
Final proposed of 1 pence (1998: 1 pence) per ordinary share	70	50
	<u>140</u>	<u>101</u>
<i>Equity</i>		
Interim paid of 2.1 pence (1998: 0 pence) per ordinary share	3,900	-
Final proposed of 0 pence (1998: 0 pence) per ordinary share	-	-
	<u>3,900</u>	<u>-</u>
	<u>4,040</u>	<u>101</u>

Notes to financial statements (continued)

5 Investments

	£'000	1999 £'000	£'000
	Subsidiary undertakings	Other	Total
Cost			
At 1 January 1999	28,853	10,169	39,022
At 31 December 1999	28,853	10,169	39,022
Provisions			
At 1 January 1999	(685)	-	(685)
At 31 December 1999	(685)	-	(685)
Net book value			
At 1 January 1999	28,168	10,169	38,337
Net book value			
At 31 December 1999	28,168	10,169	38,337

Investments in subsidiary undertakings are in the shares of the following companies, all of which are engaged in advertising and related activities:

J. Walter Thompson Group Limited
BMRB International Limited

J. Walter Thompson Group Limited has investments in the ordinary shares of the following wholly-owned companies which are registered in England and Wales:

J. Walter Thompson Company (Manchester) Limited
Deltakos (UK) Limited
British Marketing and Distributing Company Limited
J. Walter Thompson Trustees Limited
Lansdowne Marketing Limited
J. Walter Thompson Company Limited
The Brand Consultancy Limited
J. Walter Thompson Sponsorship Limited
J. Walter Thompson Services
JWT Direct (London) Limited
JWT Healthcare Limited
Chapter & Verse Limited
Commodore Media Limited
Commodore Marketing Services Limited (name changed to Brand Dating Limited on 23 February 1999)

Notes to financial statements (continued)

Commodore Production Limited
Forty Below Limited
Vision 40 Limited
Blue Logic Consulting Limited
Thompson Interactive Limited
Thompson Connect Limited

J. Walter Thompson Company (Manchester) Limited has investments in the ordinary shares of the following wholly-owned companies which are registered in England and Wales:

Astley Promotion Company Limited
JWT Direct Limited
Conquest Media Limited
The Delphi Bureau Limited
Conquest Creative Services Limited

BMRB International Limited has investments in the ordinary shares of the following wholly-owned companies which are registered in England and Wales:

British Market Research Bureau Limited
European Market Research Bureau Limited
Mass-Observation (UK) Limited
Media Research Consultancy Limited
Mass-Observation Limited
MRB International Limited
Telephone Market Research Bureau Limited
Piler Limited
MRB Research Limited
MRB Research Group Limited
International Market Research Bureau Limited
The Qualitative Workshop Limited
BMRB Customer Satisfaction Limited
BMRB Customer Satisfaction Measurements Limited
Market Research Bureau Limited
Market Research Bureau Group Limited
MRB Group Limited
Optitech Limited

In the opinion of the directors the aggregate value of the investments, consisting of shares in and amounts owing from subsidiary undertakings, is not less than the aggregate of the amounts at which these assets are stated in the company's balance sheet.

Notes to financial statements (continued)

6 Debtors

	Falling due within one year		Falling due after more than one year	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Amounts owed by subsidiary undertaking	8,730	8,856	-	-
Amounts owed by fellow group undertaking	-	-	8,752	8,727
	<u>8,730</u>	<u>8,856</u>	<u>8,752</u>	<u>8,727</u>

Of the amounts owed by fellow group undertaking a loan of £8,752,000 (1998 - £8,727,000) remains outstanding and accrues no interest. All of the other group amounts receivable are non-interest bearing.

7 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
UK corporation tax payable	-	-
Proposed dividend - non equity	70	50
	<u>70</u>	<u>50</u>

8 Share capital

	1999 £'000	1998 £'000
<i>Authorised, equity share capital</i>		
18,720,004 (1998 - 18,720,004) ordinary shares of £1 each	18,720	18,720
<i>Authorised non-equity share capital</i>		
3,000,000 (1998 - 3,000,000) 1% "A" fixed rate cumulative preference shares of £10 each	30,000	30,000
50,000 (1998 - 50,000) 1% "B" fixed rate cumulative redeemable preference shares of £10 each	500	500
20,000,000 (1998 - £20,000,000) 1% "C" fixed rate cumulative preference shares of £1 each	20,000	20,000
1,500,000 (1998 - 1,500,000) 1% "D" fixed rate cumulative redeemable preference shares of £1 each	1,500	1,500
1,000,000 (1998 - 1,000,000) 1% "E" fixed rate cumulative preference shares of £10 each	10,000	10,000
150,000 (1998 - 150,000) 1% "F" fixed rate cumulative redeemable preference shares of £10 each	1,500	1,500
	<u>82,220</u>	<u>82,220</u>

Notes to financial statements (continued)

Allotted, called up and fully paid equity share capital

18,220,006 (1998 – 18,220,006) ordinary shares of £1 each	18,220	18,220
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Allotted, called up and fully paid non-equity share capital

13,227,894 (1998 – 13,227,894) 1% cumulative "C" fixed rate cumulative preference shares of £1 each	13,228	13,228
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800,000 (1998 – 800,000) 1% cumulative redeemable "D" fixed rate cumulative preference shares of £1 each	800	800
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32,248	32,248
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Holders of the cumulative preference shares have identical voting rights to ordinary shareholders with 1 vote for every share held. They are also entitled to a fixed cumulative preference dividend of 1% (net of associated tax credit) per annum on each share fully paid or fully credited. The cumulative redeemable preference shares are redeemable at par together with any arrears of dividends at any time (no later than the 31 December 2050) at the option of the company or preference shareholders.

The ordinary shares and ordinary 'B' shares have the same voting rights, rights to dividends and rights on winding-up.

9 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 1999	20,982	2,640	23,622
Retained loss for the year	-	(121)	(121)
At 31 December 1999	20,982	2,519	23,501

10 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Shareholders' funds, beginning of year	55,870	42,730
Premium on issue of shares	-	7,000
Profit for the year	3,919	3,072
Bonus distribution	-	(800)
Issue of non-equity shares	-	3,969
Dividends paid and proposed equity and non-equity shares	(4,040)	(101)
Shareholders' funds, end of year	55,749	55,870

11 Guarantees and charges

On 18 August 1995, WPP Group plc, the ultimate parent company, entered into syndicated banking facilities totalling US\$800m. BMRB International Limited, a subsidiary is a guarantor to this facility. Additionally, the company has given a fixed charge over the shares of BMRB International Limited in respect of this facility.

During the year, Mindshare Media UK Limited entered into a leasehold agreement for its trading premises. This, with another group company, has been guaranteed by J. Walter Thompson UK Holdings Limited.

12 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 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.

13 Ultimate parent company

The ultimate parent company is WPP Group plc. This is the only group in which the financial statements of J. Walter Thompson UK Holdings Limited are consolidated. The address from which copies of the consolidated financial statements can be obtained is Berger House, 36-38 Berkeley Square, London, W1X 5DA.