

Company Registration No. 280055

**J. Walter Thompson UK Holdings
Limited**
Report and Financial Statements

31 December 2004



J. Walter Thompson UK Holdings Limited

Report and financial statements 2004

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J. Walter Thompson UK Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities and business review

The company is a holding company and is expected to continue acting purely as a holding company in the future.

Results and dividends

The profit for the year after taxation was £323,000 (2003 – £nil).

The directors do not propose a final dividend (2003 – £nil)

Directors and their interests

The directors who served during the year were as follows:

Sir M S Sorrell
H M L Doherty
M G Lucas

None of the directors held any shares in the company during the year and held no beneficial interests in any contract or arrangement to which the company was a party during the year.

The interests of Sir M S Sorrell in the shares of WPP Group plc, the ultimate parent company are disclosed in the financial statements of that company.

Mr H M L Doherty and Mr M G Lucas hold no shares in WPP Group PLC or any other group company. Details of options held over shares in WPP Group PLC are as follows:

	31 December 2005 Number	Granted during year Number	Lapsed during year Number	Exercised during year Number	31 December 2004 Number
H M L Doherty	94,484	9,879	-	10,340	94,023
M G Lucas	2,653	2,469	-	-	5,122

Auditors

A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

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



M G Lucas

Director

16th June

2005

J. Walter Thompson UK Holdings Limited

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; 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 the system of internal control, 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 J. Walter Thompson UK Holdings Limited

We have audited the financial statements of J. Walter Thompson UK Holdings Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12.

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 of the state of the company's affairs as at 31 December 2004 of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

17 June 2005

J. Walter Thompson UK Holdings Limited

Profit and loss account Year ended 31 December 2004

	Note	2004 £'000s	2003 £'000s
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Operating profit		-	-
		<hr/>	<hr/>
Income from shares in group undertakings	2	20,000	-
Finance income	3	323	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		20,323	-
Tax on profit on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		20,323	-
Dividends paid and proposed (on equity shares)	5	(20,000)	-
		<hr/>	<hr/>
Retained profit for the financial year transferred to reserve	9	323	-
		<hr/>	<hr/>

There are no recognised gains and losses in either year other than the profit on ordinary activities after taxation for the year (2003 – £nil).

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

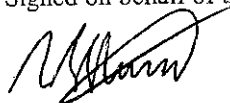
J. Walter Thompson UK Holdings Limited

Balance sheet 31 December 2004

	Note	2004 £'000s	2003 £'000s
Fixed assets			
Investments	6	64,686	64,686
Current assets			
Debtors			
- due within one year	7	8,605	8,282
- due after one year	7	8,752	8,752
		17,357	17,034
Total assets less current liabilities		82,043	81,720
Net assets		82,043	81,720
Capital and reserves			
Called up share capital	8	58,597	58,597
Share premium	9	20,982	20,982
Profit and loss account	9	2,464	2,141
Shareholders' funds	10	82,043	81,720
Attributable to equity shareholders		68,015	67,692
Attributable to non-equity shareholders		14,028	14,028

These financial statements were approved by the Board of Directors on 16th June 2005.

Signed on behalf of the Board of Directors



M G Lucas

Director

J. Walter Thompson UK Holdings Limited

Notes to the accounts

Year ended 31 December 2004

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law accounting standards. The particular accounting policies adopted are described below.

Basis of preparation

The financial statements are prepared under the historical cost convention.

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 that are publicly available.

Investments

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

Debtors

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

Current taxation

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

Deferred taxation

Deferred taxation is provided in full on timing differences which result from an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions as afforded by FRS 8.

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.

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.

J. Walter Thompson UK Holdings Limited

Notes to the accounts Year ended 31 December 2004

2. Finance income

	2004 £'000s	2003 £'000s
Interest receivable from subsidiary company	<u>323</u>	<u>-</u>

3. Profit on ordinary activities before taxation

The auditors' remuneration in the current and preceding year 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 (2003 – nil).

The company has no employees (2003 – nil).

4. Tax on profit on ordinary activities

There was no tax charge in either period.

Corporation tax is payable at 30% on taxable profits for the period. However, losses are available from other group companies to reduce taxable profits to nil under the group relief provisions. There is no corresponding payment by the claimant company for the losses.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. A reconciliation of the tax charge using this standard rate, and the actual charge, is shown below.

	2004 £'000s	2003 £'000s
Profit in ordinary activities before taxation	20,323	-
Tax on profit on ordinary activities at standard rate	(6,097)	-
Factors affecting the tax charge for the year:		
Capital allowances in excess of depreciation	-	-
Other deferred tax movements	-	-
Expenses not deductible for tax purposes	-	-
Imputed interest	(102)	-
Non-taxable income	6,000	-
Adjustments to tax charge in respect of group relief	199	-
	<u>-</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

J. Walter Thompson UK Holdings Limited

Notes to the accounts Year ended 31 December 2004

5. Dividends paid and proposed

	2004 £'000s	2003 £'000s
Equity		
2004 Interim Dividend to Ordinary £1 shareholders	(20,000)	-

The company paid a dividend of £20,000,000 (45p per share) to its ordinary £1 shareholders on 24 November 2004.

6. Investments

	Subsidiary undertakings £'000
Cost	
At 1 January 2004 and 31 December 2004	65,371
Provisions	
At 1 January 2004 and 31 December 2004	(685)
Net book value	
At 31 December 2003 and 31 December 2004	64,686

Investments in subsidiary undertakings are held directly in the ordinary share capital of the following companies.

Subsidiary undertaking	Country of incorporation	Principal activity	Holding %
J Walter Thompson Group Limited	UK	Advertising services	100
BMRB International Limited	UK	Advertising services	100
Mortimer Square Limited	UK	Non-trading	80

7. Debtors

	Falling due within one year		Falling due after more than one year	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Amounts owed by subsidiary undertaking	8,605	8,282	-	-
Amounts owed by fellow group undertaking	-	-	8,752	8,752
	8,605	8,282	8,752	8,752

The loan of £8,752,000 (2003 – £8,752,000) remains outstanding and attracts an imputed interest charge of 5.2%. All of the other group amounts receivable attract interest at 5.2%.

J. Walter Thompson UK Holdings Limited

Notes to the accounts Year ended 31 December 2004

8. Share capital

	2004 £'000	2003 £'000
Authorised, equity share capital		
61,500,000 ordinary shares of £1 each	61,500	61,500
Authorised non equity share capital		
3,000,000 1% "A" fixed rate cumulative preference shares of £10 each	30,000	30,000
50,000 1% "B" fixed rate cumulative redeemable preference shares of £10 each	500	500
20,000,000 1% "C" fixed rate cumulative preference shares of £1 each	20,000	20,000
1,500,000 1% "D" fixed rate cumulative redeemable preference shares of £1 each	1,500	1,500
1,000,000 1% "E" fixed rate cumulative preference shares of £1 each	10,000	10,000
150,000 1% "F" fixed rate cumulative redeemable preference shares of £1 each	1,500	1,500
	<u>125,000</u>	<u>125,000</u>
Allotted, called up and fully paid equity share capital		
44,569,253 ordinary shares of £1 each	44,569	44,569
Allotted, called up and fully paid non equity share capital		
13,227,894 1% cumulative "C" fixed rate cumulative preference shares of £1 each	13,228	13,228
800,000 1% cumulative redeemable "D" fixed rate cumulative preference shares of £1 each	800	800
	<u>58,597</u>	<u>58,597</u>

The non-equity shareholders have waived their right to a dividend in the year.

Holders of the "C" cumulative preference shares have identical voting rights to ordinary shareholders with one 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 "D" cumulative redeemable preference shares are redeemable at par together with any arrears of dividends at any time (no later than 31 December 2005) at the option of the company or preference shareholders.

9. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	20,982	2,141	23,123
Retained profit for the year	-	323	323
	<u>20,982</u>	<u>2,464</u>	<u>23,446</u>

J. Walter Thompson UK Holdings Limited

Notes to the accounts

Year ended 31 December 2004

10. Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Shareholders' funds, at 1 January	81,720	55,371
Profit for the year	20,323	-
Dividends paid and proposed equity and non-equity shares	(20,000)	-
Issue of share capital	-	26,349
	<hr/>	<hr/>
Shareholders' funds at 31 December	82,043	81,720

11. Guarantees and charges

J Walter Thompson UK Holdings Limited participates in group banking arrangements with its parent company, WPP Group plc, and has access to a group cash management facility. J Walter Thompson UK Holdings Limited guarantees the facility to the extent of its cash deposited in the U.K. with its clearing bank (2004: nil, 2003: nil). J. Walter Thompson UK Holdings Limited, together with its parent, WPP Group plc, and certain other subsidiary undertakings, is a party to the groups syndicated banking arrangements. J Walter Thompson UK Holdings Limited has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the financial statements of WPP Group plc.

12. Ultimate parent company

The ultimate parent and the controlling party, is WPP Group plc, a company incorporated in the United Kingdom. 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 27 Farm Street, London, W1J 5RJ.