

J. WALTER THOMPSON UK HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1990

The directors submit their report and the financial statements of the company for the year ended 31 December 1990.

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.

Profit on ordinary activities after taxation was £979,000 (1989 - £13,731,000).
Dividends paid during the year amounted to £1,341,000 (1989 - £16,073,000).

DIRECTORS AND THEIR INTERESTS:

The directors who served during the year were as follows-

R.M. Sargeant
R.E. Lerwill
M.S. Sorrell
M.W.M. Colebrook (appointed 21 February 1990)

None of the directors beneficially 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 R.E. Lerwill and M.S. Sorrell in the shares of WPP Group plc are disclosed in the financial statements of that company. The interests of other directors in the shares of WPP Group plc are as follows-

	<u>No. of shares</u> <u>31 December 1990</u>	<u>No. of shares</u> <u>31 December 1989</u>
R.M. Sargeant		
- ordinary shares	775	525
- subscription warrants	65	65
- convertible preference shares	1,060	1,060
	=====	=====
	<u>31 December 1990</u>	<u>Date of appointment</u>
M.W.M. Colebrook		
- ordinary shares	1,481	1,481
- subscription warrants	184	184
- convertible preference shares	2,915	2,915
	=====	=====

DIRECTORS' REPORT (Continued)

AUDITORS:

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen & Co. as auditors for the ensuing year.

40 Berkeley Square
London W1X 6AD

BY ORDER OF THE BOARD,

A handwritten signature in dark ink, appearing to read 'A. Fyfe', written in a cursive style.

A. Fyfe
Secretary

30 September 1991

ARTHUR ANDERSEN & Co.

1 SURREY STREET
LONDON WC2R 2PS

Auditors' Report to the Members of J. WALTER THOMPSON UK HOLDINGS LIMITED:

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1990 and of the profit and source and application of funds for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen & Co.

30 September 1991

London

J. WALTER THOMPSON UK HOLDINGS LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u> <u>E'000</u>	<u>1989</u> <u>E'000</u>
Dividend income from subsidiary undertakings		1,341	14,073
Amounts written off investments in subsidiary undertakings	4	(169)	(169)
Interest on loans from fellow subsidiary undertakings repayable within 5 years, not by instalments		(297)	(266)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	875	13,638
Tax on profit on ordinary activities	3	104	93
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		979	13,731
Dividends paid		(1,341)	(16,073)
TRANSFERRED FROM RESERVES		(362)	(2,342)
RETAINED PROFIT, brought forward		3,041	5,383
RETAINED PROFIT, carried forward		2,679	3,041
		=====	=====

The accompanying notes are an integral part of this statement.

J. WALTER THOMPSON UK HOLDINGS LIMITED

BALANCE SHEET -- 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u> £'000	<u>1989</u> £'000
FIXED ASSETS			
Investments in subsidiary undertakings	4	13,341	13,510
CURRENT ASSETS			
Debtors	5	6,369	6,562
CREDITORS: Amounts falling within one year	6	(100)	(100)
NET CURRENT ASSETS		6,269	6,462
TOTAL ASSETS LESS CURRENT LIABILITIES		10,610	19,972
CREDITORS: Amounts falling due after more than one year	6	(2,232)	(2,232)
PROVISIONS FOR LIABILITIES AND CHARGES	7	(279)	(279)
NET ASSETS		17,099	17,461
CAPITAL AND RESERVES			
Called-up share capital	8	14,420	14,420
Profit and loss account		2,679	3,041
TOTAL CAPITAL EMPLOYED		17,099	17,461

SIGNED ON BEHALF OF THE BOARD

M.W.M. Colebrook

- Director

30 September 1991



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

J. WALTER THOMPSON UK HOLDINGS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
SOURCE OF FUNDS		
Profit on ordinary activities after taxation	979	13,731
Adjustment for item not involving the movement of funds		
- amounts written off investments in subsidiary undertakings	169	169
	<u>1,148</u>	<u>13,900</u>
FUNDS FROM OTHER SOURCES		
Decrease in net current assets, as shown below	193	2,173
	<u>1,341</u>	<u>16,073</u>
	<u>=====</u>	<u>=====</u>
APPLICATION OF FUNDS		
Dividends paid on ordinary shares	1,341	16,073
	<u>=====</u>	<u>=====</u>
(DECREASE) INCREASE IN NET CURRENT ASSETS		
Debtors	(193)	(2,073)
Creditors due within the year	-	(100)
	<u>(193)</u>	<u>(2,173)</u>
	<u>=====</u>	<u>=====</u>

The accompanying notes are an integral part of this statement.

J. WALTER THOMPSON UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS -- 31 DECEMBER 1990

1. ACCOUNTING POLICIES:

a) Basis of accounting

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

In accordance with Section 229(2) of the Companies Act 1985, consolidated financial statements have not been prepared as the company is a wholly-owned subsidiary of another body corporate incorporated in Great Britain.

b) Investments

Fixed asset investments are shown at cost less amounts written off. Only dividends received and receivable are credited to the statement of profit and loss.

Provision is made to amortise the goodwill inherent in the cost of investments over its estimated economic life.

c) Taxation

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

Advance corporation tax payable on dividends paid or proposed in the year is written off except when recoverability against corporation tax payable is considered to be reasonably assured.

Deferred taxation, which arises from differences in the timing of the recognition of items in the financial statements and by the tax authorities, has been calculated using the liability method. Provision is made for all timing differences which are expected to reverse, at the rates of tax expected to be in force at the time of the reversal.

d) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Items of income and expenditure are translated at the rate of exchange ruling at the date of recording the transaction in the financial statements. Differences arising from movements in rates of exchange are dealt with in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

None of the directors receive any remuneration (including pensions and pension contributions) for their services to the company.

The company has no employees.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The taxation credit is based on the profit for the year at the rates specified below and comprises-

	<u>1990</u> £'000	<u>1989</u> £'000
Consideration receivable for surrender of group relief at 34% (1989 - 35%)	104	93
	=====	=====

4. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS:

	<u>1990</u> £'000	<u>1989</u> £'000
COST-		
Beginning of year	14,391	1,991
Addition	-	12,400
	-----	-----
End of year	14,391	14,391
	-----	-----
AMOUNTS WRITTEN OFF-		
Beginning of year	881	712
Written off in year	169	169
	-----	-----
End of year	1,050	881
	-----	-----
NET BOOK VALUE AT END OF YEAR	13,341	13,510
	=====	=====

Investments in subsidiary undertakings are in the ordinary shares of the following wholly-owned companies (all of which are engaged in advertising and related activities), which are registered in England and Wales

J. Walter Thompson Group Limited
LandsdownEuro Limited
MRB Group Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (Continued):

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
- Conquest Creative Services Limited
- * The Brand Consultancy 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

MRB Group 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
- * The International Market Research Bureau Limited
- * The Quantative Workshop Bureau Limited

LansdownEuro Limited has investments in the ordinary shares of the following wholly-owned companies which are all registered in England and Wales

- * EA Media Services Limited
- * Print Management Limited
- * Ace Studios Limited

Companies denoted by * either operate under agency agreements within the group or are dormant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. DEBTORS:

The following are included in the net book value of debtors-

	<u>1990</u> £'000	<u>1989</u> £'000
Group relief receivable	153	174
Amounts owed by subsidiary undertaking	6,211	6,388
	<u>6,369</u>	<u>6,562</u>
	=====	=====

6. CREDITORS:

	<u>Due within</u> <u>one year</u> <u>1990</u> £'000	<u>Due after</u> <u>one year</u> <u>1990</u> £'000	<u>Due within</u> <u>one year</u> <u>1989</u> £'000	<u>Due after</u> <u>one year</u> <u>1989</u> £'000
Amounts owed to immediate parent company	100	-	100	-
Loans	-	2,232	-	2,232
	<u>100</u>	<u>2,232</u>	<u>100</u>	<u>2,232</u>
	=====	=====	=====	=====

Included within loans are the following-

	<u>1990</u> £'000	<u>1989</u> £'000
Unsecured 8% loan from fellow subsidiary undertaking	650	650
Unsecured promissory note (held by fellow subsidiary undertaking), with interest payable at one percent above the base rate in London of Manufacturers Hanover Trust Company on 1 September immediately preceding the interest payment date	1,582	1,582
	<u>2,232</u>	<u>2,232</u>
	=====	=====

The unsecured loan and promissory notes are repayable on demand. However, the ultimate parent company has indicated that repayment will not be demanded within twelve months of the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. PROVISIONS FOR LIABILITIES AND CHARGES:

This represents deferred tax which is provided in full and comprises-

	<u>1990</u> £'000	<u>1989</u> £'000
Chargeable gain rolled over	279	279
	=====	=====

8. CALLED-UP SHARE CAPITAL:

	<u>1990</u>	<u>1989</u>
Authorised, called-up and fully-paid-		
12,420,000 (1989 - 12,420,000) ordinary shares of £1 each	£12,420,000	£12,420,000
2,000,000 (1989 - 2,000,000) redeemable preference shares of £1 each	2,000,000	2,000,000
	-----	-----
	£14,420,000	£14,420,000
	=====	=====

The redeemable shares are redeemable at par at the option of the company at any future date.

9. ULTIMATE PARENT COMPANY:

The ultimate parent company is WPP Group plc, registered in England and Wales. This is the only company in which the accounts of J. Walter Thompson UK Holdings Limited are consolidated. The address from which copies of the consolidated accounts can be obtained is Berkeley Square House, Berkeley Square London, W.1.