

Millward Brown UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

Company Registration No: 01915514



Millward Brown UK Limited

Annual report and financial statements For the financial year ended 31 December 2018

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Millward Brown UK Limited

Officers and professional advisers

Directors

T. Wragg (Resigned 3 December 2019)
K. Smith
S. Winters (Resigned 5 December 2019)
M Verman (Appointed 26 November 2019)

Company Secretary

WPP Group (Nominees) Limited

Auditor

Deloitte LLP
Statutory Auditor
London, United Kingdom

Bankers

HSBC
62 – 76 Park Street
London, United Kingdom

Solicitors

Squire, Sanders & Dempsey (UK) LLP
7 Devonshire Square
London, United Kingdom

Registered office

27 Farm Street
London, United Kingdom

Millward Brown UK Limited

Strategic report

The directors present their strategic report for the year ended 31 December 2018. It has been compiled with reference to s414C of the Companies Act 2006.

Principal activities, business review and future developments

Millward Brown UK Limited's ("the company") principal activity is the provision of market information services. A detailed description of Millward Brown UK Limited's market and of the main trends and factors likely to affect the future development, performance and position of the company's business, which fulfils the requirements of the business review, can be found in the 2018 Annual Report of WPP plc in the Strategic Report and the Chief Executive's report.

On 1 January 2018, the Millward Brown primary business (which does not include the business of Kantar Vermeer) was acquired by the company's subsidiary, Kantar UK Limited. As consideration for the acquisition, Millward Brown UK Limited received 12,384,118 class B ordinary shares in Kantar UK Limited. The Millward Brown business has continued to trade profitably within Kantar UK Limited during the 2019 financial year.

Kantar Vermeer is a marketing consultancy business that operates within Millward Brown UK Limited independently to Millward Brown primary business operations. This business was acquired by Kantar Consulting UK Limited on 1st of October 2018 for £1,117,429. After this date, the operating activity relating to Kantar Vermeer transferred within the Group and the company continues its activity as a holding company.

Key performance indicators

The directors of the WPP Group (WPP plc and its subsidiaries) manage the Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Millward Brown UK Limited. The development, performance and position of the WPP Group, which includes the company, is discussed in the Strategic Report to shareowners in the WPP Group's Annual Report which does not form part of this report. Information on where to obtain copies of the report is detailed in note 20.

Principal risks and uncertainties

The principal risks and uncertainties facing Millward Brown UK Limited are integrated with the principal risks and uncertainties of WPP plc and are not managed separately. Accordingly, the principal risks and uncertainties of the WPP Group, which include those of the company, are discussed as part of the 'Managing our risks' section of the Directors' report in the WPP Group's Annual Report, which does not form part of this report.

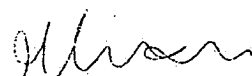
Environment

The WPP Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. The company operates in accordance with WPP Group policies, which are described in the Group's Corporate Responsibility Report which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include improving its energy use efficiency, paper use, recycling and carbon footprint monitoring.

Future outlook

All operating activity has now ceased within Millward Brown UK Limited and the company only holds investments in other group companies. However, as these group companies have traded profitably during 2018 and in 2019, it is anticipated that Millward Brown UK Limited will receive returns on its investments within the coming years.

Approved by the Board and signed on its behalf by:



M. Verman

Director

27th January 2020

Millward Brown UK Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

The directors include the information on future developments and principal risks and uncertainties in the Strategic report on page 2 which are required by regulations to be disclosed in the Directors' report as the directors consider this information is of strategic importance to the company.

Principal activities

The principal activity of the company during 2018 was holding investments in other group companies.

Capital structure

Details of the issued share capital are set out in note 16. There is one class of ordinary shares which carries no right to fixed income. There are no specific restrictions on the size of a holding or on the transfer of shares.

Going concern

In July 2019, the WPP group agreed the sale of a controlling interest in Kantar to Bain Capital, with the transaction completing in December 2019. The company formed part of this disposal group. The Directors confirm that the company has adequate resources to enable the company to continue in operational existence for the foreseeable future. The Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Whilst the Directors have a reasonable expectation that the company has adequate resources to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts, they are unaware of intentions of future management, including the strategy that may be implemented after the transaction.

Dividends

No dividends were proposed or paid in the year (2017: nil). The profit transferred to reserves in the year was £2.6m (2017: £13.2m).

Directors and their interests

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

T. Wragg (Resigned 3 December 2019)

K. Smith

S. Winters (Resigned 5 December 2019)

M. Verman (Appointed 26 November 2019)

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

Directors' indemnity

Each of the directors benefits from a qualifying third party indemnity given by the company. This indemnity is in respect of financial exposure that directors may incur in the course of their professional duties. The indemnity remained applicable throughout the financial year and up to the date of signing.

Employee involvement

Details of the number of employees and related costs can be found in note 7 to the financial statements.

The company's policy is to involve all employees in matters that affect, or are likely to affect, their interests. We encourage awareness of financial and economic factors that influence the company's performance. To these ends, management regularly consult staff and make financial statements available to all employees. The company operates a number of incentive schemes. These offer employees the chance to benefit directly from our performance. When vacancies arise the company gives equal consideration to every applicant regardless of gender or ethnic origin, whether disabled or otherwise. The company trains and develops the careers of disabled employees, or employees who become disabled during their employment, according to their particular skills and aptitudes.

Millward Brown UK Limited

Directors' report (continued)

Charitable contributions

During the year charitable contributions amounted to £nil (2017: £7,687).

Financial risk management objectives and policies

The company's role as a holding company for the Group exposes the company to some financial risks. These risks are managed within the context of the broader Group's business activities. The Group seeks to identify, assess, monitor and manage each of the various risks involved in its activities on a global basis, in accordance with defined policies and procedures and in consideration of the individual legal entities. Given that Millward Brown UK Limited is a holding company, the company is exposed to limited currency exchange, liquidity and credit risks.

Post balance sheet event

In December 2019, WPP Plc completed the sale of a controlling interest in Kantar Group (with respect to approximately 90% of the Kantar business), to Bain Capital. The company formed part of this disposal group. The financial statements do not include any adjustments relating to the change in control.

Starting from November 2019, Kantar Group operates syndicated credit facilities and cash pooling arrangements which are available to certain of its subsidiaries. Kantar Group Limited has jointly and severally guaranteed the borrowings under these arrangements.

Auditor

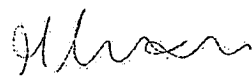
Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor 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



M. Verman
Director
27th January 2020

Millward Brown UK Limited

Directors' responsibilities statement

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), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Independent auditor's report to the members of Millward Brown UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Millward Brown UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Millward Brown UK Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Jeremy Black, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

27 January 2020

Millward Brown UK Limited

Statement of income and other comprehensive income Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	4	4,512	86,998
Cost of sales		(1,862)	(36,780)
Gross profit		2,650	50,218
Administrative expenses		(2,350)	(39,680)
Operating profit		300	10,538
Interest receivable and similar income	5	609	-
Profit on disposal of fixed assets		1,365	-
Profit before taxation		2,274	10,538
Taxation on profit	8	348	2,712
Profit for the financial year attributable to the owners of the company	9	2,622	13,250

The company has no recognised gains or losses other than those included in the profit and loss account and accordingly no separate statement of other comprehensive income has been presented.

Revenue and operating profit are all derived from continuing operations.

The notes on pages 11 to 20 form an integral part of these financial statements.

Millward Brown UK Limited

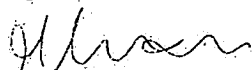
Balance sheet As at 31 December 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Investment in subsidiary undertakings	11	45,494	8,416
Property, plant and equipment	10	-	3,716
		<u>45,494</u>	<u>12,132</u>
Current assets			
Trade and other receivables	12	1,668	57,473
Cash and bank balances		-	15,275
		<u>1,668</u>	<u>72,748</u>
Total assets		<u>47,162</u>	<u>84,880</u>
Current liabilities			
Trade and other payables	13	(7,361)	(47,306)
Net current (liabilities)/assets		<u>(5,693)</u>	<u>25,442</u>
Total assets less current liabilities		<u>39,801</u>	<u>37,574</u>
Non-current liabilities			
Long term provisions	14	-	(395)
Total liabilities		<u>(7,361)</u>	<u>(47,701)</u>
Net assets		<u>39,801</u>	<u>37,179</u>
Equity			
Share capital	16	753	753
Share premium account		9,875	9,875
Merger reserve		1,275	1,275
Retained earnings	17	27,898	25,276
Total equity attributable to the owners of the company		<u>39,801</u>	<u>37,179</u>

The notes on pages 11 to 20 form an integral part of these financial statements.

These financial statements of Millward Brown UK Limited, company registration no. 01915514 were approved by the Board of Directors and authorised for issue on 27th January 2020.

Signed on behalf of the Board of Directors



M. Verman
Director

Millward Brown UK Limited

Statement of changes in equity Year ended 31 December 2018

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017	716	1,545	1,275	11,752	15,288
Profit for the period	-	-	-	13,250	13,250
Total comprehensive income for the period	-	-	-	13,250	13,250
Issue of share capital	37	8,330	-	-	8,367
Capital contribution for equity-settled share-based payments	-	-	-	274	274
Balance at 31 December 2017	753	9,875	1,275	25,276	37,179

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018	753	9,875	1,275	25,276	37,179
Profit for the period	-	-	-	2,622	2,622
Total comprehensive income for the period	-	-	-	2,622	2,622
Capital contribution for equity-settled share-based payments	-	-	-	-	-
Balance at 31 December 2018	753	9,875	1,275	27,898	39,801

The notes on pages 11 to 20 form an integral part of these financial statements.

Millward Brown UK Limited

Notes to the financial statements Year ended 31 December 2018

1. General information

Millward Brown UK Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England. The address of the Company's registered office is shown on page 3.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates (its functional currency).

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of WPP plc. The group accounts of WPP plc are available to the public and can be obtained as set out in note 21. The registered office address of the parent Company preparing consolidated accounts is WPP plc, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES.

2. Significant accounting policies

Adoption of new standards

New IFRSs that are mandatorily effective for the current year

In the current year, the following standards became effective:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

Adoption of IFRS 9 and IFRS 15 from 1 January 2018 had no material impact on the Company.

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS101) issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of WPP plc. Further information on the group accounts can be found in note 20.

These financial statements are for the company only. The company is exempt from preparing consolidated financial statements as per Companies Act 2006 Section 400.

Going concern

These financial statements 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 primary Millward Brown business was acquired by Kantar UK Limited on 1 January 2018. This has left Kantar Vermeer as the sole business unit within Millward Brown UK Limited for most of the 2018 financial year. Kantar Vermeer was acquired by Kantar Consulting UK Limited on the 1st October 2018. After this date, the operating activity relating to Kantar Vermeer transferred within the Group and the company continues its activity as a holding company. The company's investments have been profitable throughout 2018. On the basis of all these factors, the directors consider that the going concern assumption continues to be appropriate in the preparation of these financial statements. Information on the business reorganisation is outlined in both the directors' and strategic reports.

Millward Brown UK Limited

Notes to the financial statements (continued) **Year ended 31 December 2018**

2. Significant accounting policies (continued)

Revenue recognition

Revenue on short-term projects is recognised based on the level of completion of the project. This is calculated based on the comparison between costs incurred versus estimated costs to complete. Costs incurred on these projects up to completion are expensed to the profit and loss account. Revenue and profits on long-term or continuous projects are recognised on the satisfactory completion of each service delivery phase of the project.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Investment in subsidiary undertakings

These investments are stated at cost less provision for any impairment in the value of investments.

Millward Brown UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognized in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Financial assets are measured at amortised cost using the effective interest rate, less any impairment or estimated recoverable amounts.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. There have not been any key sources of estimation uncertainty in the year.

The directors are of the opinion that in the reporting periods presented in these accounts, there are no areas of critical judgement or estimation uncertainty, given the simple nature of the transactions in the business in the period.

4. Revenue

The revenue of the company by origin arose from its continuing principal activities.

An analysis of revenue by geographical market is set out below:

	2018 £'000	2017 £'000
United Kingdom	2,586	70,966
Rest of Europe	524	11,163
United States of America	184	4,356
Rest of World	1,218	513
	<u>4,512</u>	<u>86,998</u>

5. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest on preference shares	<u>609</u>	<u>-</u>

On 20 December 2017 the company acquired 83,661 £100 non-redeemable cumulative 'A' preference shares in Kantar UK Limited in exchange for an allotment of 375,076 ordinary shares. The shares entitle the holder to a fixed interest payment of 7.28% per annum.

Millward Brown UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £76,561 (2017: £99,000) and have been borne by Kantar UK Limited, a fellow group undertaking.

There were no fees payable to Deloitte LLP and their associates for non-audit services to the Company in either the current or previous financial year.

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2018 No.	2017 No.
Management and Administration	2	30
Client Service	20	313
Operations	-	36
	<u>22</u>	<u>379</u>

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	1,482	17,134
Social security costs	213	2,242
Pension costs	42	891
	<u>1,737</u>	<u>20,267</u>

Disclosure of directors' remuneration is included in note 19.

8. Taxation

	2018 £'000	2017 £'000
UK corporation tax	42	14
Deferred tax	(390)	(2,726)
	<u>(348)</u>	<u>(2,712)</u>

Corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit in the income statement as follows:

Millward Brown UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

8. Taxation (continued)

	2018 £'000	2017 £'000
Profit before tax	2,274	10,538
Tax at the UK corporation tax rate of 19.00% (2017: 19.25%)	432	2,029
Tax effect of expenses that are not deductible/ (income that is not taxable) in determining taxable profit	(765)	70
Depreciation in excess of capital allowances	-	(2,551)
Movement in short term timing differences	-	(1)
Overseas tax	42	14
Group relief claimed for nil consideration	(57)	(2,273)
Tax credit for the year	(348)	(2,712)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

9. Profit for the year

Profit for the year has been arrived at after charging:

	2018 £'000	2017 £'000
Net foreign exchange (gains)/losses	(206)	390
Depreciation of property, plant and equipment	-	1,126
Staff costs (see note 6)	1,737	20,267

Millward Brown UK Limited

Notes to the financial statements (continued) **Year ended 31 December 2018**

10. Property, plant and equipment

	Short leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2018	5,189	7,245	12,434
Additions	-	-	-
Disposals	(5,189)	(7,245)	(12,434)
At 31 December 2018	-	-	-
Accumulated depreciation			
At 1 January 2018	2,595	6,123	8,718
Charge for the year	-	-	-
Eliminated on disposals	(2,595)	(6,123)	(8,718)
At 31 December 2018	-	-	-
Carrying amount			
At 31 December 2017	2,594	1,122	3,716
At 31 December 2018	-	-	-

11. Investment in subsidiary undertakings

	Interests in subsidiary undertakings £'000
Cost	
As at 1 January 2018	8,416
Investment acquisitions during year	37,078
At 31 December 2018	45,494

On 1 January 2018, Millward Brown UK Limited acquired 12,384,118 Ordinary B shares in Kantar UK Limited in exchange for the trade and assets of Millward Brown. Additionally, on the 1st of October, the company acquired 100% of the share capital of Kantar Consulting UK Limited in exchange for the trade and assets of Kantar Vermeer. This transaction was valued at £1,117,430. 100% of the share capital of Henley Centre Headlight Vision was also acquired on 1 October for £1,158,203 cash.

Millward Brown UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

11. Investment in subsidiary undertakings (continued)

In the opinion of the directors the value of the interests in subsidiary undertakings is not less than that stated in the balance sheet. A complete list of investment undertakings is set out below. All are direct investments.

Investments	Country of incorporation	Activities	Ownership %
Kantar UK Limited	UK	Market Research	33
Henley Centre Headlight Vision Limited	UK	Dormant	100
Kantar Consulting UK Limited	UK	Market Research	100

The registered office addresses of the above investments are as follows:

Kantar UK Limited: TNS House, Westgate, London, W5 1UA

Henley Centre Headlight Vision Limited: Sea Containers, 18 Upper Ground, London, SE1 9PD

Kantar Consulting UK Limited: Sea Containers, 18 Upper Ground, London, SE1 9PD

12. Trade and other receivables

Amounts falling due within one year:

	2018 £'000	2017 £'000
Amount receivable for the sale of goods	-	22,673
Amounts owed by group undertakings	1,668	23,900
Prepayments and accrued income	-	8,174
Deferred tax asset	-	2,726
	<u>1,668</u>	<u>57,473</u>

Amounts owed by group undertakings are unsecured, receivable on demand and interest-free.

13. Trade and other payables

Amounts falling due within one year:

	2018 £'000	2017 £'000
Trade payables	-	7,625
Amounts owed to group undertakings	7,361	28,068
Other taxation and social security	-	481
Deferred income	-	9,197
Other payables	-	1,935
	<u>7,361</u>	<u>47,306</u>

Amounts owed to group undertaking are unsecured, payable on demand and interest-free.

Millward Brown UK Limited

Notes to the financial statements (continued)

Year ended 31 December 2018

14. Provisions

Last year, provisions were made for dilapidations on three properties. These provisions were created over the life of the leases to provide funds for any restoration work required at the end of the lease terms. Lease terms expire between 1 and 7 years. On 1 January 2018, the trade and assets of the Millward Brown business was acquired by Kantar UK Limited. From this date responsibility for the dilapidations provision was borne by Kantar UK Limited.

	2018 £'000	2017 £'000
At start of year	395	285
Settlements	(395)	-
Net profit and loss charge/(release)	-	110
At end of year	<u>395</u>	<u>395</u>

15. Retirement benefit schemes

Defined contribution scheme

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in funds under the control of trustees.

The total cost charged to income of £45k (2017: £891k) represents contributions payable to this scheme by the Company at rates specified in the rules of the plans. As at 31 December 2018, there were no contributions (2017: £127k) due in respect of the current reporting year that had not been paid over to the scheme, as pension liabilities are now borne by Kantar UK Limited and Kantar Consulting UK Limited post transfer of the Millward Brown and Kantar Vermeer businesses.

16. Called up share capital

	2018 £'000	2017 £'000
Authorised, called up, issued and paid 7,535,076 ordinary shares of £0.10 each	<u>753</u>	<u>753</u>

17. Retained earnings

	2018 £'000	2017 £'000
Balance as at start of year	25,276	11,752
Net profit for the year	2,622	13,250
Capital contribution for equity-settled share-based payments	-	274
Balance as at end of year	<u>27,898</u>	<u>25,276</u>

Millward Brown UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

18. Operating lease arrangements

The Company as lessee

	2018 £'000	2017 £'000
Lease payments under operating leases recognised as an expense in the year	-	1,466

On 1 January 2018, all operating lease rentals transferred to Kantar UK Limited, who acquired the trade and assets of the Millward Brown business.

19. Related party transactions

Millward Brown UK Limited is a wholly-owned subsidiary of WPP plc, the consolidated financial statements of which are publicly available. Consequently, the company is exempt under the terms of FRS 101 paragraph 8(k) from disclosing transactions with companies that are 100% owned within the Group

The directors' remuneration analysed under the headings required by Company law is set out below.

	2018 £'000	2017 £'000
Emoluments	-	122
Amounts receivable (other than shares and share options) under long term incentive schemes	-	42
Company contributions to the Group personal pension plan	-	4
	-	168

The number of directors who:

	2018 No.	2017 No.
Are members of the Group personal pension plan	-	2
Had awards receivable in the form of shares in the parent Company under a long-term incentive scheme	-	2

Remuneration of the highest paid director:

	2018 £'000	2017 £'000
Emoluments	-	384
Amounts receivable (other than shares and share options) under long term incentive schemes	-	388
Company contributions to the Group personal pension plan	-	15
	-	787

The directors of Millward Brown UK Limited are considered key management personnel.

Millward Brown UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

20. Controlling party

At the year end directors regard the ultimate controlling party to be WPP plc, a Company incorporated in Jersey. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is WPP plc, a Company incorporated in Jersey whose registered address is WPP plc, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES. The parent undertaking of the smallest such group is Lexington International B.V., a Company incorporated in the Netherlands whose registered address is Lexington International B.V., Laan op Zuid 167, 3072 DB Rotterdam, Netherlands. Copies of the group financial statements of WPP plc are available at www.wppinvestor.com. Copies of the financial statements of Lexington International B.V. can be obtained from Laan op Zuid 167, 3072 DB Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK. The Company's immediate controlling party is WPP Delilah Ltd.

From December 2019 following the transaction detailed in note 21, the parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is Summer (BC) Liux Consolidator Sarl, a Company incorporated in Luxembourg whose registered address is 4 Rue Lou Hemmer, L-1748 Luxembourg-Findel, Luxembourg. This company is also the ultimate controlling party. Copies of the group financial statements can be obtained from the address outlined above. The Company's immediate controlling party is Research SA B.V, a company incorporated in the Netherlands.

21. Post balance sheet events

In December 2019, WPP Plc completed the sale of a controlling interest in Kantar Group (with respect to approximately 90% of the Kantar business), to Bain Capital. The company formed part of this disposal group. The financial statements do not include any adjustments relating to the change in control.

Starting from November 2019, Kantar Group operates syndicated credit facilities and cash pooling arrangements which are available to certain subsidiaries. Millward Brown UK Limited has jointly and severally guaranteed the borrowings under these arrangements.