

**Henley Marketing Dynamics International Limited**

Accounts for the year ended 31 December 2000  
together with director's and auditors' reports

Registered number: 2183408



## Director's report

For the year ended 31 December 2000

The director presents her annual report on the affairs of the company together with the accounts and auditors' report, for the year ended 31 December 2000.

### Results and dividends

The results for the year are set out on page 4 of the accounts. The director paid a dividend of £nil during the year (1999 - £600,000). No final dividend is proposed (1999: £nil).

### Principal activity

The company has not traded in the year.

### Director and his interests

The director of the company who served during the year is shown below:

P.R. Edwards	(resigned 24 April 2001)
S. Davies	(appointed 23 April 2001)

### Company secretary

A. Hooper	(resigned 31 January 2001)
M. Dolby	(appointed 1 June 2001)

### Director's responsibilities

Company law requires the director 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 accounts, the director is 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the accounts comply with the Companies Act 1985. She is 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.

## Director's report (continued)

### Auditors

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

9 Bridewell Place  
Blackfriars  
London  
EC4V 6AY

By order of the Board,

A handwritten signature in black ink, appearing to read 'S. Davies', written over a horizontal line.

S. Davies  
Director

25 July 2001

**To the Shareholders of Henley Marketing Dynamics International Limited:**

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of the director and auditors**

As described on page 1, the company director is 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 director 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 2000 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**

20 Old Bailey  
London  
EC4M 7AN

2 July 2001

# Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
<b>Turnover</b>		-	-
<b>Gross profit</b>		-	-
Other operating expenses		(61)	(61)
<b>Operating loss</b>		(61)	(61)
Investment income	2	72	64
<b>Profit on ordinary activities before taxation</b>	3	11	3
Tax on profit on ordinary activities	5	-	-
<b>Retained profit for the year</b>		11	3
<b>Retained profit, at 1 January</b>		106,324	706,321
Dividend paid		-	(600,000)
<b>Retained profit, at 31 December</b>		106,335	106,324

All turnover and operating loss were derived from continuing activities.

There are no recognised gains or losses, other than the profit for each year.

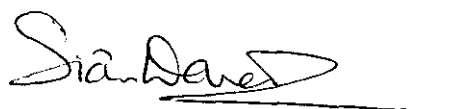
The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31 December 2000

	Notes	2000 £	1999 £
<b>Current assets</b>			
Debtors – due after more than one year	6	227,614	227,614
Cash at bank and in hand		1,426	1,415
		<u>229,040</u>	<u>229,029</u>
<b>Creditors:</b> amounts falling due within one year	7	(122,605)	(122,605)
<b>Net assets</b>		<u>106,435</u>	<u>106,424</u>
<b>Capital and reserves</b>			
Called-up equity share capital	8	100	100
Profit and loss account		106,335	106,324
<b>Total equity shareholders' funds</b>	9	<u>106,435</u>	<u>106,424</u>

The accounts on pages 4 to 8 were approved and signed by:



S. Davies

Director

2 July 2001

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

## Notes to accounts

31 December 2000

### 1 Accounting policies

A summary of principal accounting policies, all of which have been consistently applied throughout the year and the preceding year is set out below.

#### a) Accounting basis

The accounts of the company have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### b) Cash flow statement

A cash flow statement has not been prepared on the basis that the company is a wholly owned subsidiary of a parent company incorporated in England whose consolidated accounts include a consolidated cashflow statement dealing with the cash flows of the company. The company has taken advantage of the exemption under FRS1 (revised) for 90% owned subsidiaries.

#### c) Taxation

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

#### d) Foreign currency

Monetary assets and liabilities expressed in foreign currency have been converted at the exchange rates ruling at the year end. Profit and loss items have been converted at an average rate. Differences on exchange have been dealt with through the profit and loss account.

### 2 Investment income

	2000 £	1999 £
Bank interest receivable	<u>72</u>	<u>64</u>

### 3 Profit on ordinary activities before taxation

There were no employees or staff costs in the year.

Auditors' remuneration was borne by another group company in both years.

## Notes to accounts (continued)

### 4 Director's emoluments and interests

The director of the company received no remuneration in either year.

Details of the director's interest in options over the ordinary shares of WPP Group plc are as follows:

	1 January 2000	Granted during the year	Exercised during the year	31 December 2000
P.R. Edwards	108,683	9,249	-	117,932
S. Davies	<u>16,773</u>	<u>3,946</u>	<u>-</u>	<u>20,719</u>

At 31 December 2000, P.R. Edwards held 3,950 ordinary shares in WPP Group plc. The share price at 31 December 2000 was 872p (1999 – 981p) and it ranged from 693p to 1,324p during the year. S. Davies held no ordinary shares in WPP Group plc at either year end.

### 5 Tax on profit on ordinary activities

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

	2000 £	1999 £
UK corporation tax at 30% (1999 – 30.25%)	<u>-</u>	<u>-</u>

Corporation tax 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.

### 6 Debtors: amounts falling due after more than one year

	2000 £	1999 £
Amounts owed by other group undertakings	<u>227,614</u>	<u>227,614</u>

### 7 Creditors: amounts falling due within one year

	2000 £	1999 £
UK corporation tax payable	<u>122,605</u>	<u>122,605</u>



## Notes to accounts (continued)

### 8 Called-up equity share capital

	2000 £	1999 £
<i>Authorised</i>		
10,000 ordinary shares of £0.01 each	<u>100</u>	<u>100</u>
<i>Allotted, issued and fully-paid</i>		
10,000 ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

### 9 Reserves

#### a) Retained profit

Company retained profits are all regarded as distributable at 31 December 2000.

#### b) Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Profit for the year	11	3
Dividend paid	-	(600,000)
Opening shareholders' funds	<u>106,424</u>	<u>706,421</u>
Closing shareholders' funds	<u>106,435</u>	<u>106,424</u>

### 10 Guarantees and other financial commitments

#### a) Capital commitments

The company had not authorised or contracted for any additional capital expenditure at the year end (1999 - £nil).

#### b) Bank pooling

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.

### 11 Related party transactions

In accordance with the provisions of FRS8, the company has not presented details of transactions with other group entities since the accounts of WPP Group plc, which include the company, are publicly available.

### 12 Ultimate parent company

The ultimate parent company is WPP Group plc, incorporated in the United Kingdom. The results of Henley Marketing Dynamics International Limited are consolidated into those of its ultimate parent company, whose place of business is at 27 Farm Street, London W1X 6RD. The consolidated accounts are available at that address.