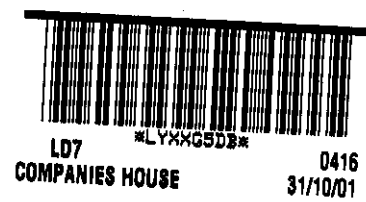




WPP Group (UK) Limited

Financial statements for the year ended 31 December 2000
together with directors' and auditors' reports

Registered number: 2670617



Directors' report

For the year ended 31 December 2000

The directors present their annual report together with the financial statements and auditors' report, for the year ended 31 December 2000.

Principal activities and review of the business

The company acts as an intermediate holding company.

The company made a profit before taxation during the year of £7,399,000 (1999 - £15,806,000). No ordinary dividends were declared or paid during the year (1999 - £20,000,000).

The retained profit for the year of £20,448,000 (1999 - loss of £4,194,000) has been transferred to reserves.

Directors and their interests

The directors who served during the year were as follows:

Sir M.S. Sorrell

P.W.G. Richardson

L. Mellman

A. Scott

C. Sweetland (appointed 13 August 2001)

None of the directors has any beneficial interest in the shares of the company. The interests of Sir M.S. Sorrell and P.W.G. Richardson in the shares of the company's ultimate holding company, WPP Group plc, and details of share options granted are shown in that company's accounts.

L. Mellman, A. Scott and C. Sweetland were granted the following options over shares in WPP Group plc during the year:

	At 1 Jan 2000 Number	Granted 2000 Number	Exercised 2000 Number	At 31 Dec 2000 Number	Commencement	Expiry	Exercise price per share
A. Scott	5,614	-	-	5,614	Sept 2002	Sept 2009	£5.70
	-	1,265	-	1,265	Sept 2003	Sept 2010	US \$63.2625
L. Mellman	6,631	-	-	6,631	Sept 2000	Sept 2007	£2.835
	7,235	-	-	7,235	Sept 2001	Sept 2008	£2.93
	4,772	-	-	4,772	Sept 2002	Sept 2009	£5.70
	-	3,552	-	3,552	Sept 2003	Sept 2010	£9.01
C. Sweetland	14,375	-	(14,375)	-	April 1998	April 2005	£1.08
	10,340	-	-	10,340	Sept 1998	Sept 2005	£1.54
	23,750	-	-	23,750	June 1999	June 2006	£2.14
	6,861	-	-	6,861	Sept 1999	Sept 2006	£2.335
	5,422	-	-	5,422	Sept 2000	Sept 2007	£2.835
	5,012	-	-	5,012	Sept 2001	Sept 2008	£2.93
	2,689	-	-	2,689	Sept 2002	Sept 2009	£5.70
	-	12,070	-	12,070	Sept 2003	Sept 2010	£9.01

In addition, C. Sweetland had a beneficial interest in 29,459 shares in WPP Group plc and L. Mellman had a beneficial interest in 800 shares in WPP Group plc at 31 December 2000.

Directors' report (continued)

Directors' responsibilities

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 and of its profit or loss 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 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.

27 Farm Street
London
W1J 5RJ

By order of the Board


C. Sweetland

Director

30 October 2001

Independent Auditors' Report to the Shareholders of WPP Group (UK) Limited:

We have audited the financial statements of WPP Group (UK) Limited for the year ended 31 December 2000 on pages 4 to 11. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 circumstances of the company, 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 affairs of the company at 31 December 2000 and of the company's 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

180 Strand
London
WC2R 1BL

30 October 2001

Profit and loss account

For the year ended 31 December 2000

	Notes	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Dividend income		850	9,142
Interest receivable		9,233	11,759
Interest payable		(2,267)	(4,662)
Foreign exchange loss		(109)	(477)
Other income		38	44
Other expense		(346)	-
Profit on ordinary activities before taxation	2	<u>7,399</u>	<u>15,806</u>
Tax on profit on ordinary activities	3	<u>13,049</u>	<u>-</u>
Profit on ordinary activities after taxation		<u>20,448</u>	<u>15,806</u>
Ordinary dividends paid (1999 235p per ordinary share)		-	(20,000)
Retained profit / (loss) for the year	10	<u>20,448</u>	<u>(4,194)</u>

There were no recognised gains or losses during either year other than the results shown above. The movement on the profit and loss account reserve is shown in note 10.

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

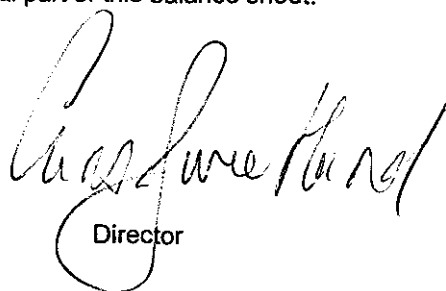
Balance sheet

At 31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	4	1,013	970
Investments	5	740,404	587,692
		<u>741,417</u>	<u>588,662</u>
Current assets			
Debtors:			
- due within one year	6	60,691	48,009
- due after one year	6	133,840	205,022
Cash at bank and in hand		3	517
		<u>194,534</u>	<u>253,548</u>
Creditors: Amounts falling due within one year	7	<u>(78,315)</u>	<u>(43,213)</u>
Net current assets		<u>116,219</u>	<u>210,335</u>
Total assets less current liabilities		<u>857,636</u>	<u>798,997</u>
Creditors: Amounts falling due after more than one year	8	<u>(21,421)</u>	<u>(73,969)</u>
Net assets		<u>836,215</u>	<u>725,028</u>
Capital and reserves			
Called-up equity share capital	9,10	8,500	8,500
Share premium account	10	747,588	656,849
Capital reserve	10	44,840	44,840
Profit and loss account	10	35,287	14,839
Share owners' funds	10	<u>836,215</u>	<u>725,028</u>

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

Signed on behalf of the Board



Director

C. Sweetland

30 October 2001

Notes to financial statements

For the year ended 31 December 2000

1 Accounting policies

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

a) Basis of accounting

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

As permitted by S228 of the Companies Act 1985, consolidated financial statements are not prepared as the company is itself a wholly owned subsidiary undertaking of WPP Group plc, a company registered in England and Wales which prepares consolidated accounts which are publicly available.

b) Translation of foreign currency

Foreign currency transactions arising from operating activities are translated from local currency to sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

c) Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The annual rate used for this purpose is:

Freehold buildings	2%
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d) Investments

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

e) Dividends

Dividend income and expense are recognised in the year to which they relate.

f) Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to produce a cash flow statement, as the company is a wholly owned subsidiary of WPP Group plc and the cash flows of the company are included in the consolidated cash flow statement of WPP Group plc.

g) Transactions with related parties

As a subsidiary of WPP Group plc, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by WPP Group plc.

Notes to financial statements (continued)

2 Profit on ordinary activities before taxation

The directors received no remuneration during either year (1999 - £nil). The company had no other employees during the current or prior year. Administrative expenses are borne by the ultimate parent company, WPP Group plc.

3 Taxation

The tax credit for the year has been calculated at 30% (1999 - 30.25%) and comprises:

	2000 £'000	1999 £'000
Overprovision in prior years	13,049	-

4 Tangible fixed assets

	Freehold land and buildings £'000
Cost	
At 1 January 2000	1,076
Additions	65
At 31 December 2000	1,141
Depreciation	
At 1 January 2000	106
Charge for the year	22
At 31 December 2000	128
Net book value	
At 31 December 2000	1,013
At 1 January 2000	970

5 Fixed asset investments

Cost and net book value	Subsidiary undertakings		Associated undertakings		
	Share capital £'000	Loans £'000	Share capital £'000	Other £'000	Total £'000
At 1 January 2000	568,061	11,228	8,083	320	587,692
Additions	152,808	-	250	-	153,058
Provision for impairment	(346)	-	-	-	(346)
At 31 December 2000	720,523	11,228	8,333	320	740,404

Notes to financial statements (continued)

5 Fixed asset investments (continued)

During the year the company made additional investments in existing undertakings and new investments in JWT Specialist Communications Limited, The Brand Union Limited, Dialogue Marketing Partnership Limited, Warwicks UK Limited, Prism Limited, Spafax Airline Network Limited, Computerised Media Services Limited, Principals Group Limited and P-Four Consultancy Limited. These additions include £31,079,000 of additional future anticipated payments to vendors, based on the directors' best estimates of future obligations, which are dependent on future performance of the interests acquired. The provision for impairment is the result of an impairment review conducted in accordance with the Financial Reporting Standard 11.

Investments at 31 December 2000, which are shown at cost, represent interests in the following companies:

Ordinary share capital

<u>Company</u>	<u>Country of registration</u>	<u>Activity</u>	<u>Holding</u>
Mindshare Media UK Limited	England & Wales	Media-buying	100%
Mindshare Media Worldwide Limited	England & Wales	Intermediate holding company	100%
Media Insight Limited	England & Wales	Advertising	100%
Digireels Limited	England & Wales	Advertising library	100%
The Marketing Consultancy	England & Wales	Sales promotion & marketing	100%
EWA Limited	England & Wales	Database marketing	100%
Thistleclub Limited	England & Wales	Intermediate holding company	100%
WPP Investments Limited	England & Wales	Intermediate holding company	100%
Newcrosse Limited	England & Wales	Intermediate holding company	100%
WPP Group (Nominees) Limited	England & Wales	Intermediate holding company	100%
WPP India Limited	England & Wales	Intermediate holding company	100%
The Farm Post Production Limited	England & Wales	Post production	49%
Goldfarb Focus Limited	England & Wales	Market research	100%
Principals Group Limited	England & Wales	Corporate identity and design	100%
POA (Holdings) Limited	England & Wales	Outdoor advertising	65%
Banner McBride Limited	England & Wales	Corporate identity	100%
Clockwork Capital Limited	England & Wales	Lease finance for audio visual products	50%
Co-Municate Limited	England & Wales	Direct marketing	100%
Ultimate Square	England & Wales	Intermediate holding company	99%
WPP Group Nominees One Limited	England & Wales	Dormant	100%
WPP Group Nominees Two Limited	England & Wales	Dormant	100%
WPP Group Nominees Three Limited	England & Wales	Dormant	100%
WPP Group Nominees Four Limited	England & Wales	Dormant	100%
WPP Group Nominees Five Limited	England & Wales	Dormant	100%
WPP Group Nominees Six Limited	England & Wales	Dormant	100%

Notes to financial statements (continued)

5 Fixed asset investments (continued)

Ordinary share capital (continued)

<u>Company</u>	<u>Country of registration</u>	<u>Activity</u>	<u>Holding</u>
WPP North Atlantic Limited	England & Wales	Intermediate holding company	10%
International Presentations Limited	England & Wales	Financial services provider	49%
P-Four Consultancy Limited	England & Wales	Management consulting	100%
Flamingo Perspectives Limited	England & Wales	Intermediate holding company	100%
No Ho Digital Limited	England & Wales	New media	100%
Mathew Poppy Advertising Limited	England & Wales	Healthcare advertising	100%
WPP (Isle of Man) 2 LLC	England & Wales	Intermediate holding company	100%
Computerised Media Services Limited	England & Wales	Media evaluation	100%
Mediopoly Limited	Jersey	Intermediate holding company	40.5%
JWT Specialist Communications Limited	England & Wales	Employment / Marketing Communications	100%
The Brand Union Limited	England & Wales	Branding & Identity	100%
Dialogue Marketing Partnership Limited	England & Wales	Marketing Consultants	100%
Warwicks UK Limited	England & Wales	Branding & Identity	100%
Prism Limited	England & Wales	PR & Sports Marketing	100%
Spafax Airline Network Limited	England & Wales	Media & Technology Services	100%
Preferred share capital Individual Inc.	US	Customised news	3%

6 Debtors

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Amounts owed by other group undertakings	57,598	46,559
Amounts owed by associated undertakings	2,371	1,450
Corporation tax receivable	722	-
	<hr/> 60,691	<hr/> 48,009
Amounts falling due after more than one year:		
Amounts owed by other group undertakings	133,840	205,022
	<hr/> 194,531	<hr/> 253,031

Amounts falling due after more than one year includes £133,840,000 due from other group undertakings between January 2002 and January 2006. Interest is charged at rates between 4.7% and 13%.

Notes to financial statements (continued)

7 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Bank overdraft	27,061	19,397
Amounts owed to other group undertakings	37,110	21,403
Corporation tax payable	-	2,413
Loan notes	4,486	-
Payments due to vendors	9,658	-
	<u>78,315</u>	<u>43,213</u>

The loan notes may be redeemed at any time at the option of the noteholder, and if not by December 2004, at the option of the company. Interest is charged at a London interbank offered rate.

8 Creditors: Amounts falling due after more than one year

	2000 £'000	1999 £'000
Payments due to vendors	21,421	-
Amounts owed to other group undertakings	-	73,969
	<u>21,421</u>	<u>73,969</u>

9 Called-up equity share capital

	2000 £	1999 £
<i>Authorised</i>		
30,000,000 (1999 - 30,000,000) ordinary shares of £1 each	<u>30,000,000</u>	<u>30,000,000</u>
<i>Allotted, called-up and fully-paid</i>		
8,500,091 (1999 - 8,500,086) ordinary shares of £1 each	<u>8,500,091</u>	<u>8,500,086</u>

Share capital was issued during the year to purchase fixed asset investments of £90,739,000.

10 Reconciliation of movements in share owners' funds

	Equity				
	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Capital reserve £'000	Total £'000
At 1 January 2000	8,500	656,849	14,839	44,840	725,028
Retained profit for the year	-	-	20,448	-	20,448
Issue of ordinary shares	-	90,739	-	-	90,739
At 31 December 2000	<u>8,500</u>	<u>747,588</u>	<u>35,287</u>	<u>44,840</u>	<u>836,215</u>

Notes to financial statements (continued)

11 Guarantees and other financial commitments

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 United Kingdom with its clearing bank.

12 Post balance sheet note

Subsequent to the year end, the company has disposed of its investment in Credit Call Research Limited. The investment was written down to its recoverable amount in the year ending 31 December 2000.

13 Ultimate parent company

The company is a wholly owned subsidiary undertaking of WPP Group plc, a company registered in England and Wales. The only group in which the results of WPP Group (UK) Limited are consolidated is that headed by WPP Group plc. The consolidated financial statements of WPP Group plc may be obtained from WPP Group plc, 27 Farm Street, London W1J 5RJ.