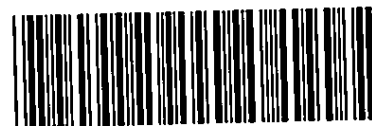


WPP Group (UK) Limited

Annual report and financial statements
for the year ended 31 December 2008

Registered number: 2670617

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Directors' report

For the year ended 31 December 2008

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditors' report, for the year ended 31 December 2008.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Principal activities and review of the business

The company acts as an intermediate holding company. The directors do not expect any changes in the company's activities in the foreseeable future.

The subsidiary undertakings held by the company are listed in note 6 to the financial statements. Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

Results and dividends

The audited financial statements for the year ended 31 December 2008 are set out on pages 5 to 14. The company made a loss on ordinary activities after taxation for the year of £526,899,000 (2007 – profit of £40,288,000).

No ordinary dividends were paid during the year (2007 – £nil). The retained loss for the year transferred from reserves was £526,899,000 (2007 – profit of £40,288,000 transferred to reserves).

Directors

The directors who served throughout the year were as follows:

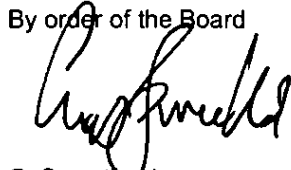
P.W.G. Richardson	(resigned on 20 October 2008)
A. Scott	
C. Sweetland	
P. Delaney	(appointed on 12 August 2008)

Statement of disclosure of information to auditors

So far as the directors currently in office are aware, there is no relevant audit information of which the company's auditors are unaware; and the directors have taken all the steps that ought to have been taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

27 Farm Street
London
W1J 5RJ

By order of the Board



C. Sweetland
Director

29 October 2009

Statement of Directors' responsibilities

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that 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.

Independent Auditors' Report

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

We have audited the financial statements of WPP Group (UK) Limited for the year ended 31 December 2008 which comprise of the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

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 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

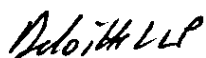
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements



Deloitte LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

29 October 2009

Profit and loss account

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Turnover		-	-
Other operating expenses		-	-
Operating loss		-	-
Income from shares in group undertakings		7,821	40,411
Profit on sale of fixed asset investments	6	-	41,032
Interest receivable and similar income	3	62,468	40,934
Amounts written off investments	6	(492,999)	(22,657)
Interest payable and similar charges	4	(90,152)	(59,389)
Foreign exchange loss		(14,037)	(43)
(Loss)/profit on ordinary activities before taxation	2	(526,899)	40,288
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit on ordinary activities after taxation	10	(526,899)	40,288
Retained (loss)/profit for the year transferred (from)/to reserves	10	(526,899)	40,288

All results are derived from continuing activities.

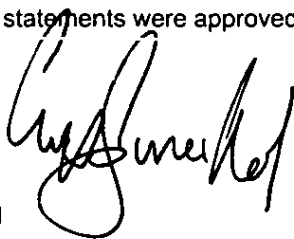
There are no recognised gains or losses in either year other than those shown above and accordingly no statement of total recognised gains and losses has been prepared.

Balance sheet

At 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investments	6	<u>4,218,268</u>	<u>4,453,722</u>
Current assets			
Debtors:			
- due within one year	7	1,164,786	265,057
- due after one year	7	249	449
Cash at bank		<u>913</u>	<u>896,356</u>
		1,165,948	1,161,862
Creditors: amounts falling due within one year	8	<u>(1,677,734)</u>	<u>(1,382,203)</u>
Net current liabilities		<u>(511,786)</u>	<u>(220,341)</u>
Total assets less current liabilities		<u>3,706,482</u>	<u>4,233,381</u>
Net assets		<u>3,706,482</u>	<u>4,233,381</u>
Capital and reserves			
Called-up share capital	9	704,839	704,839
Share premium account	10	3,440,074	3,440,074
Capital reserve	10	44,840	44,840
Profit and loss account	10	<u>(483,271)</u>	<u>43,628</u>
Shareholders' funds	11	<u>3,706,482</u>	<u>4,233,381</u>

The financial statements were approved by the Board of directors on
by:



C. Sweetland

Director

29 October 2009 and signed on its behalf

Notes to financial statements

For the year ended 31 December 2008

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1.

The Company meets its day to day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP plc, and has access to a group cash management facility.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

b) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of WPP 2008 Limited which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

c) Investments

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

Future anticipated payments to vendors in respect of earnouts are based on the directors' best estimates of future obligations, which are dependent on the future performance of the interests acquired and assume the operating companies improve profits in line with directors' estimates. When earnouts are to be settled by cash consideration, the fair value of the consideration is obtained by discounting to present value the amounts expected to be payable in the future.

d) Taxation

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

Deferred taxation is provided in full on timing differences that result in 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 financial statements. Deferred tax assets and liabilities are not discounted.

Notes to financial statements (continued)

For the year ended 31 December 2008

1 Accounting policies (continued)

e) 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.

2 (Loss)/profit on ordinary activities before taxation

The directors received no remuneration during the year (2007 - £nil) for services to the company. The company had no other employees during the current or preceding year. Administrative expenses, including the auditors' remuneration of £66,000 (2007 - £66,000), are borne by WPP 2005 Limited.

3 Interest receivable and similar income

	2008 £'000	2007 £'000
Bank interest receivable	62,468	40,921
Other interest receivable	-	13
	<u>62,468</u>	<u>40,934</u>

4 Interest payable and similar charges

	2008 £'000	2007 £'000
Bank loans and other borrowings	-	5
Intercompany interest payable	90,152	59,384
	<u>90,152</u>	<u>59,389</u>

5 Tax on (loss)/profit on ordinary activities

The corporation tax (charge)/credit of £nil (2007 - £nil) comprises:

	2008 £'000	2007 £'000
Corporation tax at the blended rate of 28.5% (2007 - 30%)	24,239	(6,990)
Adjustment in respect of group relief for nil consideration	(24,239)	6,990
	<u>-</u>	<u>-</u>

The tax assessed for the year differs from that resulting from applying the blended rate of corporation tax in the UK of 28.5% (2007 - 30%). The differences are explained below:

Notes to financial statements (continued)

For the year ended 31 December 2008

5 Tax on (loss)/profit on ordinary activities (continued)

	2008 £'000	2007 £'000
(Loss)/profit on ordinary activities before tax	(526,899)	40,288
Tax at the blended rate of 28.5% (2007 - 30%) thereon	150,166	(12,086)
<i>Factors affecting tax charge for the year:</i>		
UK dividend income	2,191	11,471
Overseas dividend income	(26)	(435)
Double Taxation Relief	64	1,088
Amounts written off investments	(140,505)	(6,798)
Net gain on transfer of investments	-	12,310
Other timing differences	12,349	(12,540)
Adjustment in respect of group relief for nil consideration	(24,239)	6,990
Current tax (charge)/credit for the year	-	-

A deferred tax asset of £2,597,507 (2007 - £13,284,000) in relation to foreign tax credits and timing differences has not been recognised. In the opinion of the Directors, there is not sufficient evidence presently available that suitable taxable profits will be generated to support the recovery of the asset.

6 Fixed asset investments

	<u>Subsidiary undertakings</u> £'000	<u>Associated undertakings</u> £'000	<u>Other</u> £'000	<u>Total</u> £'000
Cost				
At 1 January 2008	6,275,798	5,197	40,953	6,321,948
Additions	257,497	48	-	257,545
At 31 December 2008	6,533,295	5,245	40,953	6,579,493
Provision for impairment				
At 1 January 2008	1,868,226	-	-	1,868,226
Written off	480,639	47	12,313	492,999
At 31 December 2008	2,348,865	47	12,313	2,361,225
Net book value at 31 December 2008	<u>4,184,430</u>	<u>5,198</u>	<u>28,640</u>	<u>4,218,268</u>
Net book value at 31 December 2007	<u>4,407,572</u>	<u>5,197</u>	<u>40,953</u>	<u>4,453,722</u>

Notes to financial statements (continued)

For the year ended 31 December 2008

6 Fixed asset investments (continued)

Investments at 31 December 2008 represent interests in the ordinary share capital of the following companies:

<u>Company</u>	<u>Country of incorporation</u>	<u>Activity</u>	<u>Holding</u>
All Global Limited	Great Britain	Market Research	100%
Antidote Limited	Great Britain	Advertising	25%
Axicom Group Limited	Great Britain	Intermediate holding company	75%
Clockwork Capital Limited	Great Britain	Lease finance for audio visual products	50%
Cockpit Two Limited	Great Britain	Intermediate holding company	100%
Coley Porter Bell Limited	Great Britain	Artistic & literary creation	100%
Conquest Europe (UK) Limited	Great Britain	Dormant	100%
Dialogue Marketing Partnership Limited	Great Britain	Marketing Consultants	100%
Digit London Limited	Great Britain	Communications	51%
Enduring Organisation	Great Britain	Intermediate holding company	62%
Enduring Organisation Two	Great Britain	Intermediate holding company	91%
EWA Limited	Great Britain	Database marketing	100%
Fitch: Qatar Limited	Great Britain	Provision of design services	1%
Flamingo Perspectives Limited	Great Britain	Intermediate holding company	100%
Flexible Organisation	Great Britain	Intermediate holding company	100%
Goldfarb Focus Limited	Great Britain	Market Research	100%
Headlight Vision Limited	Great Britain	Dormant	100%
Heath Wallace Limited	Great Britain	Website design	75%
Hill & Knowlton CIS Limited	Great Britain	Public relations consulting services	70%
Icomms MediaGroup Limited	Great Britain	Communications	100%
Information Design Unit Limited	Great Britain	Specialist Communications	100%
International Presentations Limited	Great Britain	Investor Relations	100%
JWT Specialized Communications Limited	Great Britain	Employment / Marketing Communications	100%
M 101 Limited	Great Britain	Advertising	100%
Matthew Poppy Advertising Limited	Great Britain	Healthcare advertising	100%
Maxus Communications Limited	Great Britain	Dormant	100%
MediaCom Holdings Limited	Great Britain	Advertising	4.8%
Mediacom North Limited	Great Britain	Advertising	81%
Media Insight Limited	Great Britain	Dormant	100%
Millward Brown Precise Limited	Great Britain	Media evaluation	100%
Mindshare Media Worldwide Limited	Great Britain	Dormant	100%
mOne Limited	Great Britain	Dormant	100%
Newcrosse Limited	Great Britain	Intermediate holding company	100%
P-Four Consultancy Limited	Great Britain	Management consulting	100%
Permanent Organisation	Great Britain	Intermediate holding company	100%
Permanent Organisation Two	Great Britain	Intermediate holding company	2.4%

Notes to financial statements (continued)

For the year ended 31 December 2008

6 Fixed asset investments (continued)

POA (Holdings) Limited	Great Britain	Outdoor advertising	100%
Precis (567) Limited	Great Britain	Dormant	100%
Prism Limited	Great Britain	PR & Sports Marketing	100%
Rodney Fitch International Design Consultants Limited	Great Britain	Design Consultants	100%
ROCQM Limited	Great Britain	Dormant	100%
RMS Instore Limited	Great Britain	Information, Insight & Consultancy	100%
Shine M Limited	Great Britain	Media Buying	50%
Signposter.com Limited	Great Britain	Advertising	100%
Spafax Airline Network Limited	Great Britain	Specialist Communications	100%
Sparklab Limited	Great Britain	Dormant	100%
Syzygy AG	Germany	Interactive	40.5%
TBU Holdings Limited	Great Britain	Branding & Identity	100%
Tempest Online Marketing Limited	Great Britain	Media Planning	100%
The Brand Union Ltd	Great Britain	Branding & Identity	100%
The Farm Post Production Limited	Great Britain	Post production	100%
The Kantar Group Limited	Great Britain	Intermediate holding company	100%
The Marketing Consultancy	Great Britain	Sales promotion & marketing	100%
The Store Consulting Limited	Great Britain	Dormant	100%
Transact Communications Limited	Great Britain	Dormant	100%
United London Communications Limited	Great Britain	Advertising	49%
Voluntarily United Creative Agencies Limited	Great Britain	Advertising	100%
Wildfire Word of Mouth Limited	Great Britain	Business & Management Consultancy	20%
Warwicks UK Limited	Great Britain	Branding & Identity	100%
WPP 1177	Great Britain	Intermediate holding company	100%
WPP 2828 Ltd	Great Britain	Dormant	100%
WPP AMC Holdings	Great Britain	Intermediate holding company	11%
WPP Beans Limited	Great Britain	Intermediate holding company	1%
wpp.com Limited	Great Britain	Dormant	100%
WPP Consulting Limited	Great Britain	Intermediate holding company	100%
WPP Group (Nominees) Limited	Great Britain	Intermediate holding company	100%
WPP Group Nominees One Limited	Great Britain	Dormant	100%
WPP Group Nominees Two Limited	Great Britain	Dormant	100%
WPP Group Nominees Three Limited	Great Britain	Dormant	100%
WPP Group Nominees Four Limited	Great Britain	Dormant	100%
WPP Group Nominees Five Limited	Great Britain	Dormant	100%

Notes to financial statements (continued)

For the year ended 31 December 2008

6 Fixed asset investments (continued)

WPP Communications Limited (formerly WPP Group Nominees Six Limited)	Great Britain	Dormant	100%
WPP GUSA UK	Great Britain	Intermediate holding company	46%
WPP India Limited	Great Britain	Dormant	100%
WPP Investments Limited	Great Britain	Intermediate holding company	100%
WPP Ottawa Limited	Great Britain	Intermediate holding company	32%
WPP Phoenix Limited	Great Britain	Intermediate holding company	100%
WPP Razor UK	Great Britain	Intermediate holding company	2%
WPP Sparky Limited	Great Britain	Intermediate holding company	41%
WPP Spike Limited	Great Britain	Intermediate holding company	100%

During the year the company made further investments in existing undertakings and new investments in WPP Phoenix Limited, The Farm Post Production Limited, Axicom Group Limited, The Kantar Group Limited, International Presentations Limited, Flexible Organisation, Signposter.com Limited, Heath Wallace Limited and M 101 Limited for cash consideration.

In accordance with the company's accounting policy, the company annually tests the carrying value of investments for impairment. The 2008 impairment review was undertaken as at 31 December 2008. The review assessed whether the carrying value of investments was supported by the net present value of future cash flows derived from assets using a projection period of up to five years for each subsidiary entity. After the projection period, steady or declining growths have been assumed for each subsidiary entity. An annual growth rate of 3.0% and a pre-tax discount rate of 11.5% has been assumed.

7 Debtors

	2008 £'000	2007 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by other group undertakings	1,164,651	261,262
Amounts owed by associated undertakings	135	137
Accrued interest receivable	-	3,658
	<u>1,164,786</u>	<u>265,057</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by associated undertakings	249	449
	<u>1,165,035</u>	<u>265,506</u>

The interest rates applied on the company's loans owed by other group undertakings are 5.94% (2007 - 5.50%), and 5.25% (2007 - 5.25%).

Notes to financial statements (continued)

For the year ended 31 December 2008

8 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdraft	486,469	-
Amounts owed to other group undertakings	1,184,136	1,375,227
Payments due to vendors	7,129	6,976
	<u>1,677,734</u>	<u>1,382,203</u>

The interest rate applied on the company's overdraft facility is 3.0%. The interest rates applied on the company's loans due to other group undertakings are 5.934%, 5.250%, 4.983% (2007 - 5.775%, 5.294%, 4.278%) and 6.2775% (2007 - 5.631%).

9 Called-up share capital

	2008 £	2007 £
<i>Authorised</i>		
1,974,240,525 (2007 - 1,974,240,525) ordinary shares of £1 each	1,974,240,525	1,974,240,525
25,759,475 (2007 - 25,759,475) preferred ordinary shares of £1 each	<u>25,759,475</u>	<u>25,759,475</u>
	<u>2,000,000,000</u>	<u>2,000,000,000</u>
<i>Allotted, called-up and fully-paid</i>		
679,079,608 (2007 - 679,079,608) ordinary shares of £1 each	679,079,608	679,079,608
25,759,475 (2007 - 25,759,475) preferred ordinary shares of £1 each	<u>25,759,475</u>	<u>25,759,475</u>
	<u>704,839,083</u>	<u>704,839,083</u>

The preferred ordinary shares do not carry voting rights, but rank pari passu with the ordinary shares with regard to rights on a return of capital on liquidation or otherwise, and any right to participate in the profits of the Company.

10 Reserves

	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	3,440,074	44,840	43,628	3,528,542
Retained loss for the year	-	-	(526,899)	(526,899)
At 31 December 2008	<u>3,440,074</u>	<u>44,840</u>	<u>(483,271)</u>	<u>3,001,643</u>

Notes to financial statements (continued)

For the year ended 31 December 2008

11 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
(Loss)/profit for the financial year	(526,899)	40,288
Net (reduction)/addition to shareholders' funds	(526,899)	40,288
Opening shareholders' funds	4,233,381	4,193,093
Closing shareholders' funds	3,706,482	4,233,381

12 Guarantees and other financial commitments

The company participates in group banking arrangements with its ultimate parent, WPP 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.

13 Related party transactions

As a wholly owned subsidiary of WPP plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by WPP plc.

14 Ultimate parent company and controlling party

The directors regard WPP LN Limited, a company incorporated in England and Wales, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is WPP plc, incorporated in Jersey. The parent undertaking of the smallest such group is WPP 2008 Limited, incorporated in England and Wales.

Copies of the financial statements of WPP plc are available at www.wpp.com. Copies of the financial statements of WPP 2008 Limited can be obtained from 27 Farm Street, London, W1J 5RJ.