

WPP Group (UK) Limited

Annual report and financial statements
for the year ended 31 December 2009

Registered number 2670617

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Directors' report

For the year ended 31 December 2009

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 2009. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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 s400 of the Companies Act 2006.

Results and dividends

The audited financial statements for the year ended 31 December 2009 are set out on pages 5 to 14. The company made a profit on ordinary activities after taxation for the year of £10,376,000 (2008 – loss of £526,899,000).

No ordinary dividends were paid during the year (2008 – £nil).

Going concern

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 financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

Directors

The directors who served throughout the year were as follows:

A. Scott
C. Sweetland
P. Delaney

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 s418 of the Companies Act 2006.

27 Farm Street
London
W1J 5RJ

By order of the Board


C. Sweetland
Director

30 September 2010

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). 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 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, 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 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 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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

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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Richard Muschamp (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

30 September 2010

Profit and loss account

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover		-	-
Operating profit		-	-
Income from shares in group undertakings		17,919	7,821
Interest receivable and similar income	3	52,395	62,468
Amounts written off investments		(2,308)	(492,999)
Interest payable and similar charges	4	(70,296)	(90,152)
Foreign exchange gain/(loss)		12,666	(14,037)
Profit/(loss) on ordinary activities before taxation	2	10,376	(526,899)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) on ordinary activities after taxation	10	10,376	(526,899)
Profit/(loss) for the financial year	10	10,376	(526,899)

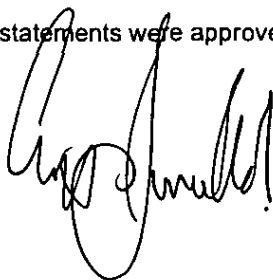
All results are derived from continuing activities

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 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments	6	<u>4,236,871</u>	<u>4,218,268</u>
Current assets			
Debtors			
- due within one year	7	1,052,718	1,164,786
- due after one year	7	40	249
Cash at bank		152	913
		<u>1,052,910</u>	<u>1,165,948</u>
Creditors: amounts falling due within one year	8	<u>(1,572,923)</u>	<u>(1,677,734)</u>
Net current liabilities		<u>(520,013)</u>	<u>(511,786)</u>
Total assets less current liabilities		<u>3,716,858</u>	<u>3,706,482</u>
Net assets		<u>3,716,858</u>	<u>3,706,482</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>(472,895)</u>	<u>(483,271)</u>
Shareholders' funds	11	<u>3,716,858</u>	<u>3,706,482</u>

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



C Sweetland

Director

30 September 2010 and signed on its

Notes to financial statements

For the year ended 31 December 2009

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 s400 of the Companies Act 2006 because it is a wholly owned subsidiary of Lexington International B V 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 2009

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 Profit/(loss) on ordinary activities before taxation

The directors received no remuneration during the year (2008 - £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 (2008 - £66,000), were borne by WPP 2005 Limited, a fellow group company.

3 Interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest receivable	-	29,003
Interest receivable from other group undertakings	52,395	33,465
	<u>52,395</u>	<u>62,468</u>

4 Interest payable and similar charges

	2009 £'000	2008 £'000
Bank interest payable	13,625	8,483
Interest payable to group undertakings	56,671	81,669
	<u>70,296</u>	<u>90,152</u>

Notes to financial statements (continued)

For the year ended 31 December 2009

5 Tax on profit/(loss) on ordinary activities

The corporation tax (charge)/credit of £nil (2008 - £nil) comprises

	2009 £'000	2008 £'000
Corporation tax at the current rate of 28% (2008 – blended rate 28.5%)	698	24,239
Adjustment in respect of group relief for nil consideration	(698)	(24,239)
	<u>-</u>	<u>-</u>

The tax assessed for the year differs from that resulting from applying the current rate of corporation tax in the UK of 28% (2008 – blended rate 28.5%) The differences are explained below

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before tax	10,376	(526,899)
Tax at the current rate of 28% (2008 – blended rate 28.5%) thereon	(2,905)	150,166
<i>Factors affecting tax charge for the year</i>		
UK dividend income	5,017	2,191
Overseas dividend income	-	(26)
Double Taxation Relief	-	64
Amounts written off investments	(646)	(140,505)
Imputed Interest	(1,148)	-
Other timing differences	380	12,349
Adjustment in respect of group relief for nil consideration	(698)	(24,239)
Current tax (charge)/credit for the year	<u>-</u>	<u>-</u>

A deferred tax asset of £1,991,814 (2008 - £2,597,507) 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.

Notes to financial statements (continued)

For the year ended 31 December 2009

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 2009	6,533,295	5,245	40,953	6,579,493
Additions	18,981	1,930	-	20,911
At 31 December 2009	<u>6,552,276</u>	<u>7,175</u>	<u>40,953</u>	<u>6,600,404</u>
Provision for impairment				
At 1 January 2009	2,348,865	47	12,313	2,361,225
Written off	1,678	630	-	2,308
At 31 December 2009	<u>2,350,543</u>	<u>677</u>	<u>12,313</u>	<u>2,363,533</u>
Net book value at 31 December 2009	<u>4,201,733</u>	<u>6,498</u>	<u>28,640</u>	<u>4,236,871</u>
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>

Investments at 31 December 2009 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	England and Wales	Market Research	100%
Antidote Limited	England and Wales	Advertising	25%
Axicom Group Limited	England and Wales	Intermediate holding company	75%
Clockwork Capital Limited	England and Wales	Lease finance for audio visual products	50%
Cockpit Two Limited	England and Wales	Intermediate holding company	100%
Coley Porter Bell Limited	England and Wales	Artistic & literary creation	100%
Conquest Europe (UK) Limited	England and Wales	Dormant	100%
Dialogue Marketing Partnership Limited	England and Wales	Marketing Consultants	100%
Digit London Limited	England and Wales	Communications	51%
Enduring Organisation	England and Wales	Intermediate holding company	62%
Enduring Organisation Two	England and Wales	Intermediate holding company	91%
EWA Limited	England and Wales	Database marketing	100%
Fitch Qatar Limited		Provision of design services	1%
Flamingo Perspectives Limited	England and Wales	Intermediate holding company	100%
Flexible Organisation	England and Wales	Intermediate holding company	6%
Goldfarb Focus Limited	England and Wales	Market Research	100%
Headlight Vision Limited	England and Wales	Dormant	100%
Heath Wallace Limited	England and Wales	Website design	75%
Hogarth Worldwide Limited	England and Wales	Advertising	50%

Notes to financial statements (continued)

For the year ended 31 December 2009

6 Fixed asset investments (continued)

Hill & Knowlton CIS Limited	England and Wales	Public relations consulting services	70%
Icomms MediaGroup Limited	England and Wales	Communications	100%
Information Design Unit Limited	England and Wales	Specialist Communications	100%
International Presentations Limited	England and Wales	Investor Relations	100%
JWT Specialized Communications Limited	England and Wales	Employment / Marketing Communications	100%
M 101 Limited	England and Wales	Advertising	100%
Matthew Poppy Advertising Limited	England and Wales	Healthcare advertising	100%
Maxus Communications Limited	England and Wales	Dormant	100%
MediaCom Holdings Limited	England and Wales	Advertising	4 8%
Mediacom North Limited	England and Wales	Advertising	81%
Media Insight Limited	England and Wales	Dormant	100%
Millward Brown Preciis Limited	England and Wales	Media evaluation	100%
Millward Brown Ulster Limited	England and Wales	Market research	100%
Mindshare Media Worldwide Limited	England and Wales	Dormant	100%
mOne Limited	England and Wales	Dormant	100%
Newcrosse Limited	England and Wales	Intermediate holding company	100%
P-Four Consultancy Limited	England and Wales	Management consulting	100%
Permanent Organisation	England and Wales	Intermediate holding company	100%
Permanent Organisation Two	England and Wales	Intermediate holding company	2 4%
POA (Holdings) Limited	England and Wales	Outdoor advertising	100%
Precis (567) Limited	England and Wales	Dormant	100%
Prism Limited	England and Wales	PR & Sports Marketing	100%
Red Dot Square Holdings Ltd	England and Wales	Intermediate holding company	100%
Rodney Fitch International Design Consultants Limited	England and Wales	Design Consultants	100%
ROCQM Limited	England and Wales	Dormant	100%
RMS Instore Limited	England and Wales	Information, Insight & Consultancy	100%
Shine M Limited	England and Wales	Media Buying	50%
Signposter com Limited	England and Wales	Advertising	100%
Spafax Airline Network Limited	England and Wales	Specialist Communications	100%
Sparklab Limited	England and Wales	Dormant	100%
Syzygy AG	Germany	Interactive	40 5%
TBU Holdings Limited	England and Wales	Branding & Identity	100%
Tempest Online Marketing Limited	England and Wales	Media Planning	100%
The Brand Union Ltd	England and Wales	Branding & Identity	100%
The Farm Post Production Limited	England and Wales	Post production	100%
The Kantar Group Limited	England and Wales	Intermediate holding company	100%
The Marketing Consultancy	England and Wales	Sales promotion & marketing	100%
The Store Consulting Limited	England and Wales	Dormant	100%
Transact Communications Limited	England and Wales	Dormant	100%

Notes to financial statements (continued)

For the year ended 31 December 2009

6 Fixed asset investments (continued)

United London Communications Limited	England and Wales	Advertising	49%
Voluntarily United Creative Agencies Limited	England and Wales	Advertising	100%
Wildfire Word of Mouth Limited	England and Wales	Business & Management Consultancy	20%
Warwicks UK Limited	England and Wales	Branding & Identity	100%
WPP 1177	England and Wales	Intermediate holding company	100%
WPP 2828 Ltd	England and Wales	Dormant	100%
WPP AMC Holdings	England and Wales	Intermediate holding company	11%
WPP Beans Limited	England and Wales	Intermediate holding company	1%
wpp com Limited	England and Wales	Dormant	100%
WPP Consulting Limited	England and Wales	Intermediate holding company	100%
WPP Finance One PLC	England and Wales	Intermediate holding company	100%
WPP Group (Nominees) Limited	England and Wales	Intermediate holding company	100%
WPP Group Nominees One Limited	England and Wales	Dormant	100%
WPP Group Nominees Two Limited	England and Wales	Dormant	100%
WPP Group Nominees Three Limited	England and Wales	Dormant	100%
WPP Group Nominees Four Limited	England and Wales	Dormant	100%
WPP Group Nominees Five Limited	England and Wales	Dormant	100%
WPP Communications Limited	England and Wales	Dormant	100%
WPP GUSA UK	England and Wales	Intermediate holding company	46%
WPP India Limited	England and Wales	Dormant	100%
WPP Investments Limited	England and Wales	Intermediate holding company	100%
WPP Ottawa Limited	England and Wales	Intermediate holding company	32%
WPP Phoenix Limited	England and Wales	Intermediate holding company	100%
WPP Razor UK	England and Wales	Intermediate holding company	2%
WPP Sparky Limited	England and Wales	Intermediate holding company	41%
WPP Spike Limited	England and Wales	Intermediate holding company	100%

During the year the company made further investments in existing undertakings and new investments in Red Dot Square Holdings Ltd, WPP Finance One plc, Signposter com Ltd, Hogarth Worldwide Ltd, Axicom Group Limited, Millward Brown Ulster Limited, Rodney Fitch International Design, Mediacom North Ltd, All Global Ltd, Mediacom Holdings Ltd, Wildfire Word of Mouth Ltd and Heath Wallace Ltd for cash consideration

In accordance with the company's accounting policy, the company annually tests the carrying value of investments for impairment. The 2009 impairment review was undertaken as at 31 December 2009. 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 10.27% has been assumed.

Notes to financial statements (continued)

For the year ended 31 December 2009

7 Debtors

	2009 £'000	2008 £'000
<i>Amounts falling due within one year</i>		
Amounts owed by other group undertakings	1,052,567	1,164,651
Amounts owed by associated undertakings	148	135
Other debtors	3	-
	<u>1,052,718</u>	<u>1,164,786</u>
<i>Amounts falling due after more than one year</i>		
Amounts owed by associated undertakings	40	249
	<u>1,052,758</u>	<u>1,165,035</u>

The interest rates applied on the company's loans owed by other group undertakings are 3 26%, 3 28% 10 12% and 3 53% (2008 – 5 94%, 5 25%, nil% and nil%)

8 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank overdraft	914,003	486,469
Amounts owed to other group undertakings	644,137	1,184,136
Accrued interest	5,151	-
Payments due to vendors	9,632	7,129
	<u>1,572,923</u>	<u>1,677,734</u>

The interest rate applied on the company's overdraft facility is 1 5% (2008 – 3 0%) The interest rates applied on the company's loans due to other group undertakings are 5 250%, 3 261% and 10 000% (2008 – 5 250%, 5 939% and nil%)

9 Called-up share capital

	2009 £	2008 £
<i>Allotted, called-up and fully-paid</i>		
679,079,608 (2008 - 679,079,608) ordinary shares of £1 each	679,079,608	679,079,608
25,759,475 (2008 - 25,759,475) preferred ordinary shares of £1 each	25,759,475	25,759,475
	<u>704,839,083</u>	<u>704,839,083</u>

The preferred ordinary shares do not carry voting rights, but rank par 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

Notes to financial statements (continued)

For the year ended 31 December 2009

10 Reserves

	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2009	3,440,074	44,840	(483,271)	3,001,643
Profit for the financial year	-	-	10,376	10,376
At 31 December 2009	<u>3,440,074</u>	<u>44,840</u>	<u>(472,895)</u>	<u>3,012,019</u>

11 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit/(loss) for the financial year	10,376	(526,899)
Net addition/(reduction) to shareholders' funds	10,376	(526,899)
Opening shareholders' funds	3,706,482	4,233,381
Closing shareholders' funds	<u>3,716,858</u>	<u>3,706,482</u>

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.

At the year end 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 Lexington International B V, incorporated in the Netherlands.

Copies of the 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 Wilhelminaplein 10, 3072 DE Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK.