

WPP Group (UK) Limited

Financial statements for the year ended 31 December 1994
together with directors' and auditors' reports

Registered number: 2670617



Directors' report

For the year ended 31 December 1994

The directors present their annual reports together with the financial statements and auditors' report, for the year ended 31 December 1994.

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 judgments 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.

Principal activities and review of the business

The company acts as an intermediate holding company. The company made a loss before taxation during the year of £14,345,000 (1993 - profit of £4,419,000). No dividend is proposed (1993 - £14,066,000)

The retained loss of £13,355,000 (1993 - £6,859,000) has been set against reserves.

Directors and their interests

The directors who served during the year were as follows:

M.S. Sorrell

R.E. Lerwill

Directors' report (continued)

Directors and their interests (continued)

Neither of the directors has any beneficial interest in the company's shares. The interests of the directors serving at the end of the year in the shares of the company's ultimate holding company, WPP Group plc, are shown in that company's accounts.

Fixed assets

Information relating to changes in fixed asset investments is given in note 4 to the financial statements.

Share capital

Details of changes in share capital are given in note 8 to the financial statements.

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
W1X 6RD

By order of the Board



R.E. Lerwill

Director

30 October 1995

Auditors' report

London

To the Shareholders of WPP Group (UK) Limited:

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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.

The company is exempt from the requirement of FRS1 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street

London

WC2R 2PS

30 October 1995

Profit and loss account

For the year ended 31 December 1994

	Notes	1994 £'000	1993 £'000
Dividend income		-	11,556
Interest receivable from group companies		311	86
Interest payable to group companies		(16,857)	(8,447)
Gain on foreign exchange		2,201	-
Profit on sale of fixed asset investments		-	1,224
(Loss) profit on ordinary activities before taxation	2	(14,345)	4,419
Tax on (loss) profit on ordinary activities	3	990	2,788
(Loss) profit on ordinary activities after taxation		(13,355)	7,207
Ordinary dividends paid and proposed		-	(14,066)
Loss for the year	9	(13,355)	(6,859)

Statement of recognised gains and losses

For the year ended 31 December 1994

	Notes	1994 £'000	1993 £'000
(Loss) profit on ordinary activities after taxation		(13,355)	7,207
Capital contribution transferred to profit and loss account	9	-	11,100
Total recognised(losses) gains for the year		(13,355)	18,307

The accompanying notes are an integral part of these statements.

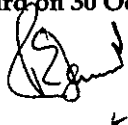
Balance sheet

31 December 1994

	Notes	1994 £'000	1993 £'000
Fixed assets			
Investments	4	340,312	201,394
Current assets			
Cash		-	53
Debtors	5	9,075	7,018
		9,075	7,071
Creditors: Amounts falling due within one year	6	(21,755)	(6,194)
Net current assets		(12,680)	877
Total assets less current liabilities		327,632	202,271
Creditors: Amounts falling due after more than one year	7	(283,637)	(174,337)
Net assets		43,995	27,934
Capital and reserves			
Called-up equity share capital	8	8,500	8,500
Capital reserve		29,416	-
Share premium account	9	15,193	15,193
Profit and loss account	9	(9,114)	4,241
Shareholders' funds		43,995	27,934

Signed on behalf of the Board on 30 October 1995

R.E. Lerwill



Director

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

Notes to financial statements

31 December 1994

1 Accounting policies

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

a) Basis of accounting

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

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.

b) Translation of foreign currency

Foreign currency transactions arising from operating activities are translated from local currency to UK 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) Investments

Fixed asset investments are stated at cost less amounts written off for permanent diminutions in value.

d) Dividends

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

e) Cash flow statement

The company is exempt from the requirements of FRS1 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.

2 Profit/(loss) on ordinary activities before taxation

The directors received no remuneration during the year (1993 - £nil). The company had no other employees during the current or prior year. All operating expenses are borne by the ultimate parent company, WPP Group plc.

3 Taxation

Corporation tax recoverable for the year of £990,000 (1993 - £2,788,000) has been calculated using the UK corporation tax rate of 33%.

Notes to financial statements (continued)

4 Fixed asset investments

	Subsidiary undertakings		Associated undertakings	Total
	Share capital £'000	Loans £'000	Share capital £'000	
Cost of investments at 1 January 1994	187,949	11,228	2,217	201,394
Additions	138,918	-	-	138,918
Cost of investments at 31 December 1994	326,867	11,228	2,217	340,312

During the year the company made additional investments in WPP Group Holdings Limited totalling £127,239,563 in the form of capital contributions. These capital contributions were credited to capital reserves in the books of WPP Group Holdings Limited.

4 Fixed asset investments (continued)

The principal investments at the year end include the following companies at cost. The companies are shown together with details of their principal activity, country of registration/incorporation and percentage of ownership of the issued share capital.

<u>Company</u>	<u>Country of incorporation</u>	<u>Activity</u>	<u>Holding</u>
Sampson Tyrrell Limited	UK	Corporate and brand identity design	100%
Metrovideo Limited	UK	Audio-visual products & services	100%
Business Design Group Holdings Limited	UK	Interior & graphic design	100%
The Marketing Consultancy	UK	Sales promotion & marketing	100%
Millward Brown International plc	UK	Market research	100%
WPP Group Holdings Limited	UK	Intermediate holding company	100%
The Grass Roots Group plc	UK	Incentive and motivation	48.2%
Thistleclub Limited	UK	Intermediate holding company	100%
Camden Limited	Isle of Man	Intermediate holding company	100%
WPP Investments Limited	UK	Intermediate holding company	100%
Wise Conclusions Limited	UK	Intermediate holding company	100%

Notes to financial statements (continued)

5 Debtors

	1994 £'000	1993 £'000
Amounts owed by other group undertakings	5,297	4,230
Corporation tax recoverable	3,778	2,788
	<u>9,075</u>	<u>7,018</u>

Included within amounts owed by other group undertakings is £4,144,000 (1993 - £4,144,000) which falls due after more than one year.

6 Creditors: Amounts falling due within one year

	1994 £'000	1993 £'000
Amounts owed to other group undertakings	19,320	3,516
Dividends payable	2,435	2,678
	<u>21,755</u>	<u>6,194</u>

7 Creditors: Amounts falling due after more than one year

	1994 £'000	1993 £'000
Amounts owed to other group undertakings	<u>283,637</u>	<u>174,337</u>

8 Called-up equity share capital

	1994 £	1993 £
<i>Authorised</i>		
30,000,000(1993 - 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>		
8,500,005(1993 - 8,500,005) ordinary shares of £1 each	<u>8,500,005</u>	<u>8,500,005</u>

Notes to financial statements (continued)

9 Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Share premium account £'000	Capital reserve £'000	Total £'000
At 1 January 1993	-	-	-	-	-
Issue of shares	8,500	-	15,193	-	23,693
Loss for the year	-	(6,859)	-	-	(6,859)
Capital contribution	-	-	-	11,100	11,100
Transfers	-	11,100	-	(11,100)	-
At 1 January 1994	8,500	4,241	15,193	-	27,934
Loss for the year	-	(13,355)	-	-	(13,355)
Capital contribution	-	-	-	29,416	29,416
At 31 December 1994	8,500	(9,114)	15,193	29,416	43,995

10 Guarantees and other financial commitments

The company is a party to an agreement for the provision of banking facilities to WPP Group plc, the ultimate parent company. Under the terms of the agreement the company has executed a fixed charge over certain investments in favour of the trustees to the banking syndicate.

11 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 W1X 6RD.