

Registration number: 4431736

Omnicom Media Group UK Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2019

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Omnicom Media Group UK Limited

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Omnicom Media Group UK Limited

Strategic Report for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

The purpose of this strategic report is to inform members of the group and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the group).

Fair review of the business

Gross billings for the year were £1,787,333,241 (2018: £1,542,464,395), turnover £209,373,370 (2018: £199,093,813) and profit after tax £31,100,786 (2018: £29,419,952). The profit and loss account is shown on page 10.

The key indicators that we review focus on turnover, administrative expenses and operating margin. Our turnover has increased by 5% as a group through a combination of new business wins and growing our share of existing clients' marketing budgets. Our wins are through existing channels and specialist service offerings that add value to our clients marketing communications.

As we are a service business, we monitor expenses on a percentage of turnover basis. We measure expenses in two distinct cost categories: staff costs and all other operating expenses. Staff costs are primarily comprised of salaries, social security and employer pension contributions. Other operating expenses are primarily comprised of rent and occupancy costs, technology related costs and depreciation. Staff costs increased to 41% (2018: 40%) of turnover while other administrative costs remained at 20% (2018: 20%). Our operating margin remained at 18% (2018: 18%).

The balance sheet continues to be strong despite a slight decrease in the value of net assets to £55,559,530 (2018: £59,733,439).

The strict adherence to our credit policies and observance of good working capital management procedures has ensured that we have had minimal amounts of bad debts during the year and we expect this to continue.

We are confident in the group's financial position and future. Accordingly the directors have prepared the financial statements on a going concern basis.

Duty to promote the success of the company

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for all of the members as a whole. In doing so they should have regard to, amongst other matters, the following:

(a) Decision making and s172 of the Companies Act 2006;

In 2019, management took the decision to focus on continued growth through new business and the development of the group's specialist service offerings, key focus areas being the introduction of a new tech platform (Omni) and the development of our e-commerce service offering.

Omnicom Media Group UK Limited

Strategic Report for the year ended 31 December 2019

(b) the interests of the company's colleagues;

Our employees are our most important asset and our ability to attract and retain key personnel is fundamental to ensuring that we remain competitive. Failure to attract and retain talent could adversely impact upon our ability to provide our services in the manner in which our clients have come to expect. The Board is committed to ensuring that Omnicom Media Group UK is a great place to work. We run a variety of initiatives to support the recruitment and retention of the most talented and diverse workforce, including comprehensive learning and development programs, wellbeing initiatives and the promotion of diversity and inclusion through eight employee lead advisory teams (OMG Multicultural, OMG Women, OMG Minds, OMG LGBTQ+, OMG Disability, OMG Socio Economic, OMG Working Parents and Carers and OMG Age).

(c) the need to foster the company's business relationships with customers;

Retaining existing clients and winning new business depends on our ability to service our clients' needs. Attracting and retaining top talent is paramount to ensuring that we provide our clients with an excellent service. We receive feedback from our clients on an ongoing basis and retaining existing clients and winning new business depends on our ability to service our clients' needs in a constantly evolving environment. Clients periodically review their advertising and marketing requirements and put these up for competitive tender. It is the priority of the Board to ensure that our brands can maintain a competitive advantage by retaining key personnel and maintaining a highly skilled workforce to ensure the highest quality of service for their clients.

(d) the need to foster the company's business relationships with suppliers

The Board recognises the need to foster healthy working relationships with our suppliers as well as our customers. Suppliers keep us up to date with their latest offerings so that we can provide the best recommendations to our clients, enabling them to make better decisions.

(e) the impact of the company's operations on the community and the environment

Omnicom Media Group UK supports our major brands in their contributions to the community, such as OMD's "OMD Thrive" and PHD's "PHD Big Hug" fundraising efforts for charity. Environmental initiatives include cycle to work schemes and implementing environmental strategies to increase recycling in the office. In 2019, work was carried out with key staff to actively reduce environmental impacts and improve the efficiency of real estate where possible.

(e) the desirability of the company maintaining a reputation for high standards of business conduct;

Maintaining a reputation for high standards of business conduct is a key priority for Omnicom Media Group UK. Our success doesn't just come from our talent, in our creativity or the work we do. Our success also comes from the way we work and the way we interact with others - with a solid commitment to integrity. Our Code of Business Conduct, which was significantly enhanced in 2018, underscores our commitment to upholding the highest ethical standards. It spells out what we value, what we believe and the policies that Omnicom expects us to all uphold. All staff were required to complete mandatory ethics and business conduct training in 2019 and this is being repeated periodically going forward.

(f) the need to act fairly as between members of the company

Omnicom Media Group UK Limited is a wholly owned subsidiary of Omnicom Media Group Europe Limited. We report our financial performance to Omnicom Media Group Europe on a monthly basis and the management of Omnicom Media Group Europe are consulted on key management decisions at Omnicom Media Group UK Limited.

Omnicom Media Group UK Limited

Strategic Report for the year ended 31 December 2019

Principal risks and uncertainties

The markets in which we participate are highly competitive. Key competitive considerations for keeping existing business and winning new business include our ability to develop creative solutions that meet client needs, the quality and effectiveness of the services we offer and our ability to efficiently service clients. While many of our client relationships are long-standing, companies put their marketing and communications services business up for competitive review from time to time. We have won and lost accounts in the past as a result of these reviews. To the extent that we are not able to remain competitive, our turnover may be adversely effected which could then affect our results and financial condition.

Our employees are our most important assets and our ability to attract and retain key personnel is an important aspect of our competitiveness. If we are unable to attract and retain key personnel, including highly skilled technically proficient personnel, our ability to provide our services in the manner our customers have come to expect may be adversely affected, which could harm our reputation and result in a loss of clients, which could have a material adverse effect on our results and financial position.

Our clients generally are able to reduce advertising and marketing spending or cancel projects at any time on short notice for any reason. It is possible that our clients could reduce spending in comparison to historical patterns, or they could reduce future spending. A significant reduction in advertising and marketing spending by our largest clients, or the loss of several of our largest clients, if not replaced by new clients or an increase in business from existing clients, would adversely affect our turnover and thus affect our results and financial position.

We rely on information technology systems and infrastructure to process transactions, summarise results and manage our business, including maintaining client marketing and advertising information. Our information technology systems are potentially vulnerable to system failures and network disruptions, malicious intrusion and random attack. Likewise, data security incidents and breaches by employees and others with or without permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorised persons or to the public. Additionally, we utilise third parties to store, transfer or process data. While we have taken what we believe are prudent measures to protect our data and information technology systems, there can be no assurance that our efforts will prevent system failures or network disruptions or breaches in our systems, or in systems of third parties we use, that could adversely affect our reputation or business.

Impact of Brexit

On 23 June 2016 the UK voted to leave the EU in a referendum and on 29 March 2017, Article 50 was triggered. The company continues to monitor the impact of this, and in particular, in relation to the ability to continue to trade within the single market and the freedom of movement of staff in and out of the United Kingdom.

Risks associated with the Coronavirus (Covid-19) outbreak and future developments

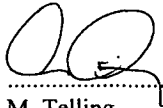
The Covid-19 pandemic has significantly impacted the global economy, our business and the results of operations. Public health efforts to minimise the impact of the pandemic include government actions such as travel restrictions, limitations on public gatherings, shelter in place orders and mandatory closures. These actions have negatively impacted many of our clients businesses and in turn has reduced the demand for our services. Omnicom Media Group UK will continue to monitor its cost base whilst continuing to provide a high level of service to its clients.

Whilst the full extent of Covid-19 is still uncertain at this stage, we fully expect to continue to operate as a going concern. Based on current knowledge, the Directors expect Omnicom Media Group UK to meet liabilities as they fall due.

Omnicom Media Group UK Limited

Strategic Report for the year ended 31 December 2019

Approved by the Board on 30 November 2020 and signed on its behalf by:



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M. Telling
Director

Omnicom Media Group UK Limited

Directors' Report for the year ended 31 December 2019

The directors present their report and the for the year ended 31 December 2019.

Principal activity

The principal activity of the company is to provide independent media planning and buying of advertising space and air time together with offering complimentary specialist marketing services.

Dividends

On 18 December 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £5,774,473 per share totalling £34,646,837 (2018: £31,667,315).

Directors of the group

The directors who held office during the year were as follows:

M. Telling

P. Brown (resigned 1 July 2019)

D. Clays (appointed 1 July 2019)

Political and charitable donations

During the year the group made political donations of £nil (2018: £nil). Donations to charity amounted to £58,725 (2018: £59,730)

Employment of disabled persons

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.


Disclosure of information to the auditor

Each director who held office at the date of approval of this directors' report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 30 November 2020 and signed on its behalf by:



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M. Telling
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

Omnicom Media Group UK Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 apply them consistently;
- make judgements and accounting 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Omnicom Media Group UK Limited

Opinion

We have audited the financial statements of Omnicom Media Group UK Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of Omnicom Media Group UK Limited

Strategic Report and Directors' Report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

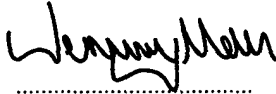
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Omnicom Media Group UK Limited

The purpose of our audit work and to whom we owe our responsibilities

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 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.



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Jeremy Hall (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

30 November 2020

Omnicom Media Group UK Limited

Consolidated Profit and Loss Account for the year ended 31 December 2019

	Note	2019 £	2018 £
Gross billings		1,787,333,241	1,542,464,395
Rebillable costs		<u>(1,577,959,871)</u>	<u>(1,343,370,582)</u>
Turnover	2	209,373,370	199,093,813
Direct costs		<u>(44,215,069)</u>	<u>(43,424,697)</u>
Gross profit		165,158,301	155,669,116
Administrative expenses		(127,669,578)	(120,652,529)
Other operating income		<u>223,895</u>	<u>-</u>
Operating profit	3	<u>37,712,618</u>	<u>35,016,587</u>
Other interest receivable and similar income	7	1,144,751	1,041,277
Interest payable and similar charges	8	<u>(312,352)</u>	<u>(370,898)</u>
		<u>832,399</u>	<u>670,379</u>
Profit before tax on ordinary activities		38,545,017	35,686,966
Taxation	9	<u>(7,444,231)</u>	<u>(6,267,014)</u>
Profit for the financial year		<u>31,100,786</u>	<u>29,419,952</u>
Profit attributable to:			
Owners of the company		<u>31,100,786</u>	<u>29,419,952</u>

The results shown above are derived wholly from continuing operations.

Omnicom Media Group UK Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019 £	2018 £
Profit for the year		<u>31,100,786</u>	<u>29,419,952</u>
Total comprehensive income for the year		<u>31,100,786</u>	<u>29,419,952</u>
Total comprehensive income attributable to:			
Owners of the company		<u>31,100,786</u>	<u>29,419,952</u>

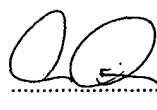
Omnicom Media Group UK Limited

(Registration number: 4431736)

Consolidated Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	1,754,519	725,772
Tangible assets	12	<u>1,857,979</u>	<u>2,816,722</u>
		<u>3,612,498</u>	<u>3,542,494</u>
Current assets			
Debtors	14	564,605,845	509,100,747
Cash at bank and in hand		<u>361</u>	<u>255</u>
		564,606,206	509,101,002
Creditors: Amounts falling due within one year	15	<u>(512,069,744)</u>	<u>(451,919,360)</u>
Net current assets		<u>52,536,462</u>	<u>57,181,642</u>
Total assets less current liabilities		56,148,960	60,724,136
Creditors: Amounts falling due after more than one year	15	(570,020)	(990,697)
Provisions for liabilities		<u>(19,410)</u>	<u>-</u>
Net assets		<u>55,559,530</u>	<u>59,733,439</u>
Capital and reserves			
Called up share capital	16	6	6
Share premium account		22,073,999	22,073,999
Capital contribution reserve		1,079	1,079
Retained earnings		(18,772,876)	(14,598,967)
Merger reserve		<u>52,257,322</u>	<u>52,257,322</u>
Equity attributable to owners of the company		<u>55,559,530</u>	<u>59,733,439</u>
Total equity		<u>55,559,530</u>	<u>59,733,439</u>

Approved and authorised by the Board on 30 November 2020 and signed on its behalf by:



M. Telling
Director

Omnicom Media Group UK Limited

(Registration number: 4431736)

Company Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	745,747	-
Tangible assets	12	315,170	295,967
Investments	13	<u>22,123,295</u>	<u>22,074,105</u>
		<u>23,184,212</u>	<u>22,370,072</u>
Current assets			
Debtors	14	60,111,445	99,487,617
Creditors: Amounts falling due within one year	15	<u>(59,235,495)</u>	<u>(90,538,836)</u>
Net current assets		<u>875,950</u>	<u>8,948,781</u>
Total assets less current liabilities		24,060,162	31,318,853
Creditors: Amounts falling due after more than one year	15	<u>(243,918)</u>	<u>(726,748)</u>
Net assets		<u>23,816,244</u>	<u>30,592,105</u>
Capital and reserves			
Called up share capital	16	6	6
Share premium account		22,073,999	22,073,999
Retained earnings		<u>1,742,239</u>	<u>8,518,100</u>
Total equity		<u>23,816,244</u>	<u>30,592,105</u>

Approved and authorised by the Board on 30 November 2020 and signed on its behalf by:



M. Telling
Director

Omnicom Media Group UK Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Share capital £	Share premium £	Capital contribution reserve £	Merger reserve £	Retained earnings £	Total £
At 1 January 2019	6	22,073,999	1,079	52,257,322	(14,598,967)	59,733,439
Profit for the year	-	-	-	-	31,100,786	31,100,786
Total comprehensive income	-	-	-	-	31,100,786	31,100,786
Dividends	-	-	-	-	(34,646,837)	(34,646,837)
Other reserve movements	-	-	-	-	(627,858)	(627,858)
At 31 December 2019	6	22,073,999	1,079	52,257,322	(18,772,876)	55,559,530
	Share capital £	Share premium £	Capital contribution reserve £	Merger reserve £	Retained earnings £	Total £
At 1 January 2018	6	22,073,999	1,079	52,257,322	(11,944,450)	62,387,956
Profit for the year	-	-	-	-	29,419,952	29,419,952
Total comprehensive income	-	-	-	-	29,419,952	29,419,952
Dividends	-	-	-	-	(31,667,315)	(31,667,315)
Share-based payments expense	-	-	-	-	(46,590)	(46,590)
Other movements on reserves	-	-	-	-	(360,564)	(360,564)
At 31 December 2018	6	22,073,999	1,079	52,257,322	(14,598,967)	59,733,439

The notes on pages 17 to 39 form an integral part of these financial statements.
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Omnicom Media Group UK Limited

Statement of Changes in Equity for the year ended 31 December 2019

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2019	6	22,073,999	8,518,100	30,592,105
Profit for the year	-	-	28,477,748	28,477,748
Total comprehensive income	-	-	28,477,748	28,477,748
Dividends	-	-	(34,646,837)	(34,646,837)
Other reserve movements	-	-	(606,772)	(606,772)
At 31 December 2019	6	22,073,999	1,742,239	23,816,244
	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2018	6	22,073,999	(285,328)	21,788,677
Profit for the year	-	-	40,877,897	40,877,897
Total comprehensive income	-	-	40,877,897	40,877,897
Dividends	-	-	(31,667,315)	(31,667,315)
Share-based payments expense	-	-	(46,590)	(46,590)
Other movements on reserves	-	-	(360,564)	(360,564)
At 31 December 2018	6	22,073,999	8,518,100	30,592,105

The notes on pages 17 to 39 form an integral part of these financial statements.
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Omnicom Media Group UK Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		31,100,786	29,419,952
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	3	743,724	867,461
Finance income	7	(1,144,751)	(1,041,277)
Finance costs	8	312,352	370,898
Share based payment transactions		148,531	200,586
Income tax expense	9	7,444,231	6,267,014
		<u>38,604,873</u>	<u>36,084,634</u>
Working capital adjustments			
(Increase)/decrease in trade debtors and other debtors	14	(56,371,728)	52,592,124
Increase/(decrease) in trade creditors and other creditors	15	60,150,384	(78,747,398)
Cash generated from operations		42,383,529	9,929,360
Income taxes paid	9	(7,049,107)	(6,618,739)
Net cash flow from operating activities		<u>35,334,422</u>	<u>3,310,621</u>
Cash flows from investing activities			
Acquisitions of tangible assets	12	(980,470)	(1,330,100)
Proceeds from sale of tangible assets	12	-	70
Acquisition of intangible assets	11	(1,028,747)	(725,772)
Acquisition of fixed asset investments	13	(49,190)	-
Net cash flows from investing activities		<u>(2,058,407)</u>	<u>(2,055,802)</u>
Cash flows from financing activities			
Net finance income		832,399	670,379
Dividends paid		(34,646,837)	(31,667,315)
Movement in cash concentration arrangement		538,529	29,741,720
Net cash flows from financing activities		<u>(33,275,909)</u>	<u>(1,255,216)</u>
Net increase/(decrease) in cash and cash equivalents		106	(397)
Cash and cash equivalents at 1 January		<u>255</u>	<u>652</u>
Cash and cash equivalents at 31 December		<u><u>361</u></u>	<u><u>255</u></u>

The notes on pages 17 to 39 form an integral part of these financial statements.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's financial statements.

Basis of preparation

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

Omnicom Media Group UK Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 04431736 and the registered address is Bankside 3, 90-100 Southwark Street, London, England, SE1 0SW.

The financial statements are presented in sterling the Company's functional currency.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Summary of disclosure exemptions

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures for the parent company financial statements only:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Omnicom Group Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Related party transactions: As a 100% owned subsidiary of Omnicom Group Inc. the Company has taken advantage of the exemption available under FRS 102 Section 33. 1A: Related Party Disclosures, which enable it to exclude disclosure of transactions with Omnicom Group Inc., and its wholly owned subsidiaries..

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2019.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, which assumes the company will be able to meet its liabilities as they fall due for the foreseeable future. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts for the 12 month period after the approval of these financial statements, with specific consideration to the trading position of the Company in the context of the Coronavirus pandemic.

As at 31 December 2019, the Company had total assets less current liabilities of £56,148,960 (2018: £60,724,136) and net assets of £55,559,530 (2018: £59,733,439). Although the entity has seen a decline in billings and income as a result of the Coronavirus pandemic, no significant decline in billings, income or cash flows is expected to occur in the foreseeable future that would impact the Directors' conclusion that it is appropriate to adopt the going concern basis.

The Directors recognise that, at the date of approving these financial statements, given the varying government measures taking place in the UK and globally as a result of the current Coronavirus pandemic, the full impact of the outbreak is unknown at this time and is unpredictable. The Directors have considered the severe but plausible downsides resulting from the pandemic. These include the negative impact on our clients which would directly impact the Company's revenue. Certain industry sectors have been affected more immediately and more significantly than others. Whilst we have a diversified portfolio of service offerings and clients, demand for our services could fall in the short term due to the uncertain impact on the global economy. Omnicom Media Group UK will continue to monitor our costs in response to the changing client and network demands. The Directors consider such scenarios unlikely, however, in the event of such scenarios, the Directors have concluded that they would not impact the ability of the Company to be able to meet its liabilities as they fall due, for the foreseeable future.

The directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out below. Accordingly, the directors have prepared the financial statements on a going concern basis.

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance Limited, the group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited or by Omnicom Finance Limited depositing cash with the Company. The Company's access to borrowings under the cash concentration arrangement is not limited as long as these borrowings are required in the normal course of business and are made in accordance with the Omnicom Group Inc Grant of Authority.

Omnicom Finance Limited is able to make this commitment because Omnicom Finance Limited is a co-borrower with Omnicom Finance Inc. and Omnicom Capital Inc. under certain group bank facilities which are more fully described in the Omnicom Group Inc. financial statements filed on Form 10-K and available at www.OmnicomGroup.com.

The directors consider the combination of the group facilities and expected funding requirements of the Omnicom Group Inc. and its subsidiaries provides sufficient access to funding to ensure that the Company is able to meet its liabilities as they fall due for the foreseeable future. Accordingly, the directors have prepared the financial statements as a going concern.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Gross billings

Gross billings are recognised when the service is performed, in accordance with the terms and conditions of the contractual arrangement and when collection is reasonably assured. Gross billings comprises the gross amounts billed to clients in respect of commission based income together with the total of other fees earned and amounts recharged to clients for rebillable costs.

Rebillable costs

Rebillable costs comprise media payments and third party production costs for those services that the Company is arranging for its clients in its capacity as an intermediary. The Company contracts directly with suppliers and is responsible for their payment, recharging its clients for all costs incurred. Although the Company bears credit risk in respect of these activities, the arrangements with its clients are such that, in effect it acts as an intermediary on behalf of its client. Where the Company acts as an intermediary, costs incurred with external suppliers are excluded from revenue.

Turnover

Consequently, revenue comprises fees and commissions earned in respect of gross billings and direct costs, which meet the Companies Act definition of turnover. Revenue is recognised when services are performed, in accordance with the terms of arrangements reached with each client. Turnover is stated exclusive of VAT, sales taxation and trade discounts. Substantially all income occurs in the UK.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Foreign exchange movements that arise on consolidation of foreign operations are recognised in the Statement of Comprehensive Income.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Fixed assets and depreciation

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Life of lease
Furniture, fittings, tools and equipment	3 Years
Office equipment	3 Years

Intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	5 years

Fixed asset investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Defined contribution pension obligation

The Company operates a defined contribution pension schemes. The assets of the scheme are held separately from those of the Company in independently administered funds. The amounts charged against the profit and loss account represent the contributions payable to the scheme in respect of the accounting period.

Share based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Impairment

Financial assets (including trade and other debtors) not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

2 Turnover

The whole of the Company's gross billings and revenue for the year related to its principal activity which was that of media planning and buying, and which was carried out in the following locations:

	2019	2018
	£	£
UK	205,108,708	195,415,538
Europe	3,328,427	3,247,243
Rest of world	936,235	431,032
	<u>209,373,370</u>	<u>199,093,813</u>

3 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	743,724	867,461
Foreign exchange gains	(308,539)	(454,901)
Hire of plant and machinery - rentals payable under operating leases	307,828	514,675
Hire of other assets - rentals payable under operating leases	12,585,905	10,206,939
Rental income	<u>(127,413)</u>	<u>(12,797)</u>

4 Auditor's remuneration

	2019	2018
	£	£
Audit of these financial statements	<u>150,000</u>	<u>116,800</u>

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

5 Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	1,362,895	1,429,551
Company contributions to money purchase pension schemes	52,517	49,457
	1,415,412	1,479,008

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019	2018
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Exercised share options	1	1
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid director:

	2019	2018
	£	£
Remuneration	685,667	927,201
Company contributions to money purchase pension schemes	14,546	29,093

The Company's directors participate in the restricted stock scheme operated by the Ultimate Parent Undertaking. Shares were received or receivable under this restricted share scheme by 2 directors (2018: 2)

Under this scheme, certain directors have been awarded restricted shares in the ultimate parent undertaking, Omnicom Group Inc. The restricted shares typically vest in 20% annual increments provided the director remains an employee of the Omnicom group. Restricted shares may not be sold, transferred, pledged or otherwise encumbered until the restrictions lapse. Under most circumstances, the director forfeits the shares still subject to restriction, the director ceases employment prior to the end of the period of restriction.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	70,722,515	66,977,153
Share related awards	148,531	200,586
Social security costs	8,497,409	8,047,343
Pension and other post-employment benefit costs	6,191,733	4,796,564
Severance/loss of office	36,765	-
	85,596,953	80,021,646

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Administration and support	135	123
Sales	1,281	1,206
Marketing	33	31
	1,449	1,360

7 Other interest receivable and similar income

	2019	2018
	£	£
Receivable from group undertakings	1,144,751	1,041,277

8 Interest payable and similar expenses

	2019	2018
	£	£
Payable to group undertakings	157,138	346,198
Other interest payable	103,024	-
Finance charges payable in respect of finance leases and hire purchase contracts	52,190	24,700
	312,352	370,898

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

9 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
Current tax on income for the period	7,414,795	7,243,422
Adjustments in respect of previous periods	<u>(16,288)</u>	<u>(692,024)</u>
	<u>7,398,507</u>	<u>6,551,398</u>
Deferred taxation		
Origination and reversal of timing differences	52,043	(312,819)
Effect of increased/decreased tax rate on opening liability	(5,479)	28,435
Adjustment in respect of previous periods	<u>(840)</u>	<u>-</u>
Total deferred taxation	<u>45,724</u>	<u>(284,384)</u>
Tax expense in the profit and loss account	<u>7,444,231</u>	<u>6,267,014</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled on the next page.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

9 Taxation (continued)

	2019 £	2018 £
Profit before tax	<u>38,545,017</u>	<u>35,686,966</u>
Corporation tax at standard rate	7,323,553	6,780,524
Effect of expense not deductible in determining taxable profit (tax loss)	143,285	192,753
Deferred tax expense (credit) relating to changes in tax rates or laws	(5,479)	28,435
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(840)	(42,674)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	<u>(16,288)</u>	<u>(692,024)</u>
Total tax charge	<u>7,444,231</u>	<u>6,267,014</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by £84,534.

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £
2019	
Difference between accumulated depreciation and amortisation and capital allowances	174,366
Other timing differences	<u>544,171</u>
	<u>718,537</u>
2018	
Difference between accumulated depreciation and amortisation and capital allowances	226,408
Other timing differences	<u>537,853</u>
	<u>764,261</u>

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

9 Taxation (continued)

Company

Deferred tax assets and liabilities

	Asset £
2019	
Difference between accumulated depreciation and amortisation and capital allowances	66,299
Other timing differences	245,310
	<u>311,609</u>
2018	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	91,657
Other timing differences	301,440
	<u>393,097</u>

10 Dividends

	2019 £	2018 £
Dividend of £5,774,473 (2018 - £5,277,886) per ordinary share	<u>34,646,837</u>	<u>31,667,315</u>

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

11 Intangible assets

Group

	Software £	Total £
Cost or valuation		
At 1 January 2019	725,772	725,772
Additions	<u>1,028,747</u>	<u>1,028,747</u>
At 31 December 2019	<u>1,754,519</u>	<u>1,754,519</u>
Carrying amount		
At 31 December 2019	<u>1,754,519</u>	<u>1,754,519</u>
At 31 December 2018	<u>725,772</u>	<u>725,772</u>
Company		
	Software £	Total £
Cost or valuation		
Additions	<u>745,747</u>	<u>745,747</u>
At 31 December 2019	<u>745,747</u>	<u>745,747</u>
Amortisation		
Carrying amount		
At 31 December 2019	<u>745,747</u>	<u>745,747</u>

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

12 Tangible fixed assets

Group

	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation				
At 1 January 2019	7,728,208	1,756,456	3,122,535	12,607,199
Additions	67,005	118,308	795,157	980,470
Disposals	(5,963,448)	(1,123)	(431,120)	(6,395,691)
Transfers	123,756	(738,789)	615,033	-
At 31 December 2019	<u>1,955,521</u>	<u>1,134,852</u>	<u>4,101,605</u>	<u>7,191,978</u>
Depreciation				
At 1 January 2019	6,601,793	1,474,176	1,714,508	9,790,477
Charge for the year	116,560	76,877	550,287	743,724
Disposal	(4,830,916)	-	(369,286)	(5,200,202)
Transfers	19,791	(588,248)	568,457	-
At 31 December 2019	<u>1,907,228</u>	<u>962,805</u>	<u>2,463,966</u>	<u>5,333,999</u>
Carrying amount				
At 31 December 2019	<u>48,293</u>	<u>172,047</u>	<u>1,637,639</u>	<u>1,857,979</u>
At 31 December 2018	<u>1,126,415</u>	<u>282,280</u>	<u>1,408,027</u>	<u>2,816,722</u>

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

12 Tangible fixed assets (continued)

Company

	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation				
At 1 January 2019	271,522	72,382	1,244,882	1,588,786
Additions	-	-	137,630	137,630
Disposals	-	-	(431,120)	(431,120)
Transfers	123,756	37,810	(161,566)	-
At 31 December 2019	<u>395,278</u>	<u>110,192</u>	<u>789,826</u>	<u>1,295,296</u>
Depreciation				
At 1 January 2019	224,785	72,382	995,652	1,292,819
Charge for the year	1,727	-	54,866	56,593
Disposal	-	-	(369,286)	(369,286)
Transfers	136,055	37,810	(173,865)	-
At 31 December 2019	<u>362,567</u>	<u>110,192</u>	<u>507,367</u>	<u>980,126</u>
Carrying amount				
At 31 December 2019	<u>32,711</u>	<u>-</u>	<u>282,459</u>	<u>315,170</u>
At 31 December 2018	<u>46,737</u>	<u>-</u>	<u>249,230</u>	<u>295,967</u>

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

13 Fixed assets investments

Company

	Shares in group undertakings £	Total £
Subsidiaries		
Cost		
At 1 January 2019	22,074,105	22,074,105
Additions	49,190	49,190
At 31 December 2019	<u>22,123,295</u>	<u>22,123,295</u>
Carrying amount		
At 31 December 2019	<u>22,123,295</u>	<u>22,123,295</u>
At 31 December 2018	<u>22,074,105</u>	<u>22,074,105</u>

For the details of undertakings please see the note at the end of these statutory accounts.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

14 Debtors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Trade debtors		326,238,312	284,354,446	39,327,494	97,841,881
Amounts owed by group undertakings - trading balances		37,557,730	45,866,793	(22)	49,102
Amounts owed by group undertakings - loans and advances		129,977,299	130,515,828	-	-
Other debtors		68,219,487	1,347,186	20,170,881	518,301
Deferred tax assets	9	737,945	764,261	311,609	393,097
Prepayments and accrued income		<u>1,875,072</u>	<u>46,252,233</u>	<u>301,483</u>	<u>685,236</u>
		<u>564,605,845</u>	<u>509,100,747</u>	<u>60,111,445</u>	<u>99,487,617</u>

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance Limited, Omnicom Europe Limited group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited or by Omnicom Finance Limited depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is £129,977,299 (2018: £130,515,828) representing cash deposited by the Company under these arrangements.

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

15 Creditors

Note	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Due within one year				
Obligations under finance lease and hire purchase contracts	705,007	767,329	977	-
Trade creditors	442,310,269	363,183,020	-	-
Amounts owed to associate undertakings	-	1,764,365	-	368,509
Amounts owed to group undertakings - trading balances	11,145,444	30,761,416	4,436,601	52,099,846
Amounts owed to group undertakings - loans and advances	-	-	38,500,985	18,658,824
Taxation and social security	16,811,754	11,129,616	5,922,745	2,835,402
Accruals and deferred income	41,097,270	44,313,614	10,374,187	16,576,255
	<u>512,069,744</u>	<u>451,919,360</u>	<u>59,235,495</u>	<u>90,538,836</u>
Due after one year				
Obligations under finance lease and hire purchase contracts	561,174	479,215	243,918	224,112
Other creditors	8,846	511,482	-	502,636
	<u>570,020</u>	<u>990,697</u>	<u>243,918</u>	<u>726,748</u>

16 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

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Notes to the Financial Statements for the year ended 31 December 2019

17 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £3,202,356 (2018 - £4,796,564).

Contributions amounting to £284,447 (2018: £381,182) were payable to the scheme and are included in creditors.

18 Share-based payments

Omnicom Group Inc (the ultimate parent of the Company) runs a share ownership programme that allows group employees to acquire shares in Omnicom Group Inc. Options were awarded in March 2017. It is anticipated that the full vesting period for options will be three years. The option grants all become exercisable three years from the grant date.

The fair value of services received in return for shares and share options granted to employees, is measured by reference to the fair value of shares and share options granted. As permitted by FRS 20, the Company has applied the requirements of this standard to all share based payment awards granted after 7 November 2002. The estimate of the fair value of the services received is measured based on the Black-Scholes formula.

During the year ended 31 December 2019 the Company recognised an expense of £23,296 (2018: £46,590) in respect of outstanding share awards.

The options outstanding at the year-end have an exercise price of \$84.94 and a weighted average contractual life of 6 years.

	2017
	Mar 2017
Fair value at measurement date \$	9.87
Weighted average share price \$	84.94
Exercise price \$	84.94
Expected volatility (expressed as 5 year historical monthly used in the modelling under Black Scholes model)	16.30%
Option life in years	4.5 years
Expected dividends	2.600%
Risk-free interest rate (based on national government bonds)	2.00%

Omnicom Media Group UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

18 Share-based payments (continued)

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under a service condition and a non-market performance condition. Such conditions are not taken into account in the grant date fair value measurement of the services received.

The number and weighted average exercise prices of share options in Omnicom Group Inc held by Omnicom Media Group UK Limited employees are as follows:

	2019 Weighted average exercise price \$	2019 Number of options	2018 Weighted average exercise price \$	2018 Number of options
At beginning of year	84.94	18,000	-	-
Granted	-	-	84.94	18,000
Exercised	-	-	-	-
Lapsed	-	-	-	-
Forfeited	-	-	-	-
Outstanding options at end of the year	84.94	18,000	84.94	18,000
Exercisable at end of the year	-	-	-	-

The liability arising in relation to the linked recharge from Omnicom Group Inc in relation to these share options for the year was £1,007,484 (2018: £602,775).

The weighted average share price at the date of exercise of share options exercised during the year was \$nil (2018: \$nil)

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19 Parent and ultimate parent undertaking

The Company is a subsidiary undertaking of Omnicom Group Inc incorporated in the United States of America and is the largest group in which the results are consolidated.

These financial statements are available upon request from Omnicom Group Inc's registered address, 437 Madison Avenue, New York, NY10022, USA.

No other group accounts include the results of the Company.

20 Post balance sheet events

In the period since 31 December 2019 and as of the date of approval of these financial statements, the Company has been addressing challenges arising from the global outbreak of COVID-19. In the directors' judgement, the outbreak of COVID-19 has not required any post-balance sheet adjustments to be made to, or specific disclosure of the potential impact of the virus to be provided in respect of, any of the Company's balance sheet assets and liabilities reported as at 31 December 2019, although there is an evident economic risk exposure for the business in 2020 and potentially beyond.

21 Related party transactions

Group

Key management personnel

Key management personnel are considered to be the senior leadership management across the group, agencies and specialist services with responsibility for planning, directing and controlling the activities of the group. Total remuneration in respect of these individuals is £3,099,756 (2018 - £3,574,843).

Summary of transactions with subsidiaries

At 31 December 2019, the Company's parent undertaking was Omnicom Media Group Europe Ltd. The shareholders of the Company have interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under FRS 102 Section 33.

As a 100% owned subsidiary of Omnicom Media Group Europe Ltd, the Company has taken advantage of the exemption under FRS 102 Section 33.1A: Related Party Disclosures, which enable it to exclude disclosure of transactions with Omnicom Media Group Europe Limited and its wholly owned subsidiaries.

22 Details of undertakings

Subsidiary exemption

The following UK subsidiaries of the group, having met the criteria set out in sections 479A-479C of the Companies Act 2006, are claiming exemptions from the audit of the individual accounts afforded by those sections for the year ended 31 December 2019.

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Notes to the Financial Statements for the year ended 31 December 2019

22 Details of undertakings (continued)

Details of the investments in which the company holds 20% or more, directly or indirectly, of the nominal value of any class of share capital are as follows:

Undertaking	Company number	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity	Registered address
Subsidiary undertakings						
Drum OMG Limited	2904456	England	Ordinary	100	Creative Content Agency	Bankside 3, 90-100 Southwark Street, London, SE1 0SW
Hearts & Science Limited	10445362	England	Ordinary	100	Media Planning and Buying	Bankside 3, 90-100 Southwark Street, London, SE1 0SW
OMD Group Limited	2078820	England	Ordinary	100	Media Planning and Buying	Bankside 3, 90-100 Southwark Street, London, SE1 0SW
PHD Media Limited	2423952	England	Other; Ordinary; Preference	100	Media Planning and Buying	Bankside 3, 90-100 Southwark Street, London, SE1 0SW
Resolution Media UK Limited	03802728	England	Ordinary	100	Performance Marketing Agency	Bankside 3, 90-100 Southwark Street, London, SE1 0SW