

Registration number: 1064095

Omnicom Finance Limited (formerly Omnicom Finance plc)

Annual Report and Financial Statements
for the Year Ended 31 December 2018



Omnicom Finance Limited (formerly Omnicom Finance plc)

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Omnicom Finance Limited (formerly Omnicom Finance plc)

Strategic Report for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

The purpose of this strategic report is to inform members of the Company 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 company).

Fair review of the business

The Company's operations developed satisfactorily during the year and the directors consider future trading prospects to be good given the continuing growth of the Omnicom Group.

The company's key financial performance indicator during the year was net interest paid or received. Every month the net position by currency was reviewed by management and appropriate financing decisions taken to ensure that interest returns were maximised.

Principal risks and uncertainties

The Directors consider the principal risks and uncertainties the company faces to be:

- the risk of a further downturn in the world economy
- the risk of a default on loan receivables.

The Directors believe that these risks are effectively managed through close monitoring of interest rates and a strong focus on credit limits.

The main trends and factors likely to affect future development, performance and position of the Company's business

As the Company provides treasury services to fellow subsidiaries of the Omnicom Group the performance of those agencies and the growth in the size of the Group are the factors most likely to affect future development and profitability. The success of the Group is dependent on the general economic environment and the ability of our agencies to retain and win new clients.

The vote to leave the EU and the subsequent triggering of article 50 has brought about uncertainty affecting economic outlook of all sectors of the UK economy. At this state of the leave process it is unclear what will be negotiated between the EU and the UK government and to what extent it will affect both economies, and media sector in particular. We are monitoring developments in this respect.

The Company is committed to the continuing development of its systems to provide improved services to its customers and to further increase the efficiency of its operations.

Approved by the Board on 24 September 2019 and signed on its behalf by:



A.P. Phipkin
Director

Omnicom Finance Limited (formerly Omnicom Finance plc)

Directors' Report for the year ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is the borrowing and lending of money, at a margin, to group undertakings inside and outside the UK and the leasing of office equipment to group undertakings in the UK.

On 30 July, 2018 the Company re-registered as a Private Limited Company and changed its name Omnicom Finance Limited.

Dividends

The Company did not receive any dividends during the year ended 31 December 2018 (2017: £16,340,336 (BRL66,483,926)).

No dividends were distributed during the year ended 31 December 2018 (2017: dividend in specie consisting of 7 preference shares valued at £8,760,827).

Directors of the company

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

D.E. Hewitt (USA) (resigned 31 December 2018)

S.C.N. Medhurst

A.P. Phipkin

J.S. Rodd

Political and charitable donations

The Company made no political donations during the year (2017: £nil). Donations to charity amounted to £503 (2017: £994).

Going concern

At the end of the year the Company had net current assets of £415,632,128 (2017 - £368,813,289). The Directors consider that the Company has access to sufficient funding to meet its funding requirement. Accordingly the Directors have prepared the financial statements on a going concern basis.

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.

Omnicom Finance Limited (formerly Omnicom Finance plc)

Directors' Report for the year ended 31 December 2018

Reappointment of auditors

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 24 September 2019 and signed on its behalf by:



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A.P. Phipkin
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

Omnicom Finance Limited (formerly Omnicom Finance plc)

Statement of Directors' Responsibilities in respect of the annual report and the financial statements

The directors acknowledge their responsibilities 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 the directors 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; and
- 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 Finance Limited (formerly Omnicom Finance plc)

Opinion

We have audited the financial statements of Omnicom Finance Limited (formerly Omnicom Finance plc) (the 'company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, 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 2018 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.

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, including the impact of Brexit, 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.

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.

Independent Auditor's Report to the Members of Omnicom Finance Limited (formerly Omnicom Finance plc)

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, 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities in respect of the annual report and the financial statements set out on page 4, 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 the directors 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

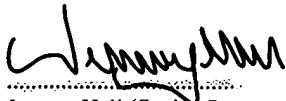
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 Finance Limited (formerly
Omnicom Finance plc)**

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.



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

24 September 2019

Omnicom Finance Limited (formerly Omnicom Finance plc)

Profit and Loss Account for the year ended 31 December 2018

	Note	2018 £	2017 £
Gross profit/(loss)			
Administrative expenses		(5,897,638)	(8,309,240)
Other operating income		<u>8,074,677</u>	<u>9,609,118</u>
Operating profit	2	2,177,039	1,299,878
Income from shares in group undertakings			16,340,336
Other interest receivable and similar income	6	73,509,781	51,298,747
Interest payable and similar expenses	7	<u>(21,715,993)</u>	<u>(8,079,455)</u>
Profit before taxation		53,970,827	60,859,506
Tax on profit	8	<u>(9,398,000)</u>	<u>(7,654,726)</u>
Profit after taxation		<u><u>44,572,827</u></u>	<u><u>53,204,780</u></u>

The results shown above are derived wholly from continuing operations.

There were no recognised gains or losses in either the current or prior year except as show above. Consequently, a statement of comprehensive income has not been prepared.

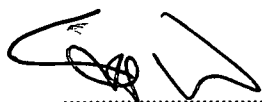
The notes on pages 11 to 22 form an integral part of these financial statements.

Omnicom Finance Limited (formerly Omnicom Finance plc)

**(Registration number: 1064095)
Balance Sheet as at 31 December 2018**

	Note	2018 £	2017 £
Fixed assets			
Intangible assets		-	1,989
Tangible assets	9	1,241,218	3,484,543
Investments	10	<u>72,072,522</u>	<u>72,072,522</u>
		<u>73,313,740</u>	<u>75,559,054</u>
Current assets			
Debtors	11	1,528,475,678	1,628,550,393
Cash at bank and in hand		<u>65,042,151</u>	<u>50,349,559</u>
		1,593,517,829	1,678,899,952
Creditors: Amounts falling due within one year	12	<u>(1,177,885,701)</u>	<u>(1,310,086,663)</u>
Net current assets		<u>415,632,128</u>	<u>368,813,289</u>
Total assets less current liabilities		488,945,868	444,372,343
Creditors: Amounts falling due after more than one year	12	<u>(7,177)</u>	<u>(6,479)</u>
Net assets		<u><u>488,938,691</u></u>	<u><u>444,365,864</u></u>
Capital and reserves			
Called up share capital	13	137,266,808	167,266,808
Share premium account		-	93,909,277
Capital contribution reserve		32,258,500	32,258,500
Retained earnings		<u>319,413,383</u>	<u>150,931,279</u>
Total equity		<u><u>488,938,691</u></u>	<u><u>444,365,864</u></u>

Approved by the Board on 24 September 2019 and signed on its behalf by:



S.C.N. Medhurst

Director



A.P. Phipkin

Director

The notes on pages 11 to 22 form an integral part of these financial statements.

Omnicom Finance Limited (formerly Omnicom Finance plc)

Statement of Changes in Equity for the year ended 31 December 2018

	Share capital £	Share premium £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2018	167,266,808	93,909,277	32,258,500	150,931,279	444,365,864
Profit for the year	-	-	-	44,572,827	44,572,827
Total comprehensive income	-	-	-	44,572,827	44,572,827
Share capital reduction	(30,000,000)	-	-	30,000,000	-
Share premium reduction	-	(93,909,277)	-	93,909,277	-
At 31 December 2018	137,266,808	-	32,258,500	319,413,383	488,938,691
	Share capital £	Share premium £	Capital Contribution reserve £	Retained earnings £	Total £
At 1 January 2017	167,266,808	93,909,277	32,258,500	106,487,326	399,921,911
Profit for the year	-	-	-	53,204,780	53,204,780
Total comprehensive income	-	-	-	53,204,780	53,204,780
Dividends	-	-	-	(8,760,827)	(8,760,827)
At 31 December 2017	167,266,808	93,909,277	32,258,500	150,931,279	444,365,864

On 11 December 2018, the Company cancelled 30,000,000 Ordinary Shares of £1.00 each, cancelled its Share Premium Account and transferred its reserves to distributable reserves.

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

1 Accounting policies

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.

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

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

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group accounts as the Company is included in the consolidated accounts of a larger group headed by Omnicom Group Inc., a parent undertaking established under the law of the United States of America. These financial statements present information about the Company as an individual undertaking and not about its group.

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:

- Reconciliation of the number of shares outstanding from the beginning to the 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.

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 Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

Going concern

The Company has net current assets of £415,632,128 at 31 December 2018 (2017: £368,813,289). The directors consider that the Company has access to sufficient funding to meet its needs. Accordingly, the directors have prepared the financial statements on a going concern basis.

Changes in accounting policy

The accounting policies set out below have unless otherwise stated been applied consistently to all periods presented in these financial statements.

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.

Turnover

In the opinion of the directors, revenue and particulars of revenue as required by Schedule 4, paragraph 55 of the Companies Act 2006, are not meaningful measures of activity in view of the nature of the business.

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.

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.

Fixed assets and depreciation

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and 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
Computer and office equipment	3 to 5 years
Furniture and fittings	7 to 10 years

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

Fixed asset investments

Investment in equity shares which are publicly traded or where fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in the profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. The Company complies with the requirements of the Finance and Leasing Association Statement of Recommended Practice.

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. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Defined contribution pension obligation

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

2 Operating profit

Arrived at after charging/(crediting)

	2018	2017
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	2,260,803	4,224,695
Amortisation of software	1,989	7,962
Foreign exchange (gains) / losses	(655,328)	630,615
Hire of other assets - rentals payable	175,170	144,000
Rental income	<u>(2,921,604)</u>	<u>(4,927,308)</u>

3 Auditor's remuneration

	2018	2017
	£	£
Audit of the financial statements	<u>40,835</u>	<u>26,706</u>
Other fees to auditors		
Audit-related assurance services	<u>24,776</u>	<u>24,290</u>

4 Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	352,719	351,292
Company contributions to money purchase pension schemes	33,899	33,899
	<u>386,618</u>	<u>385,191</u>

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

	2018	2017
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	<u>2</u>	<u>2</u>

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

5 Staff costs

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

	2018	2017
	£	£
Wages and salaries	1,193,362	1,168,098
Share related awards	62,839	144,801
Social security costs	168,870	168,674
Pension and other post-employment benefit costs	80,915	74,079
	<u>1,505,986</u>	<u>1,555,652</u>

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

	2018	2017
	No.	No.
Administration and support	1	1
Other departments	19	18
	<u>20</u>	<u>19</u>

6 Other interest receivable and similar income

	2018	2017
	£	£
Bank interest receivable	5,801,305	5,543,563
Receivable from group undertakings	63,244,859	40,913,333
Dividends receivable from preference shares	4,463,617	4,841,851
	<u>73,509,781</u>	<u>51,298,747</u>

7 Interest payable and similar expenses

	2018	2017
	£	£
On bank loans and overdrafts	3,646,923	3,400,560
Payable to group undertakings	18,062,807	4,678,281
Other interest payable	5,826	150
Finance charges payable in respect of finance leases and hire purchase contracts	437	464
	<u>21,715,993</u>	<u>8,079,455</u>

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

8 Taxation

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

	2018	2017
	£	£
Current taxation		
Current tax on income for the period	9,314,812	7,819,976
Adjustments in respect of previous periods	(392)	(33,064)
	<u>9,314,420</u>	<u>7,786,912</u>
Deferred taxation		
Origination and reversal of timing differences	83,188	(153,390)
Effect of increased/decreased tax rate on opening liability	392	-
Adjustment in respect of previous periods	-	21,204
Total deferred taxation	<u>83,580</u>	<u>(132,186)</u>
Tax expense in the profit and loss account	<u>9,398,000</u>	<u>7,654,726</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018	2017
	£	£
Profit before tax	<u>53,970,827</u>	<u>60,859,506</u>
Corporation tax at standard rate	10,254,457	11,715,455
Effect of revenues exempt from taxation	(846,716)	(4,077,572)
Effect of expense not deductible in determining taxable profit (tax loss)	-	683
UK deferred tax expense (credit) relating to changes in tax rates or laws	(9,741)	28,020
Increase (decrease) in UK deferred tax from prior periods	392	21,204
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(392)	(33,064)
Total tax charge	<u>9,398,000</u>	<u>7,654,726</u>

Reductions in the UK corporation tax rate to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

Deferred tax

Deferred tax assets

	Asset £
2018	
Other timing differences	6,300
Difference between accumulated depreciation and amortisation and capital allowances	<u>1,880,794</u>
	<u><u>1,887,094</u></u>
2017	
Other timing differences	8,237
Difference between accumulated depreciation and amortisation and capital allowances	<u>1,962,045</u>
	<u><u>1,970,282</u></u>

9 Tangible fixed assets

	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation			
At 1 January 2018	2,207,696	10,733,199	12,940,895
Disposals	<u>-</u>	<u>(7,800,364)</u>	<u>(7,800,364)</u>
At 31 December 2018	<u>2,207,696</u>	<u>2,932,835</u>	<u>5,140,531</u>
Depreciation			
At 1 January 2018	1,096,730	8,359,622	9,456,352
Charge for the year	285,175	1,975,628	2,260,803
Disposal	<u>-</u>	<u>(7,817,842)</u>	<u>(7,817,842)</u>
At 31 December 2018	<u>1,381,905</u>	<u>2,517,408</u>	<u>3,899,313</u>
Carrying amount			
At 31 December 2018	<u>825,791</u>	<u>415,427</u>	<u>1,241,218</u>
At 31 December 2017	<u>1,110,966</u>	<u>2,373,577</u>	<u>3,484,543</u>

Substantially all fixed assets are leased under operating leases to fellow group undertakings.

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

Assets held for use in operating leases:	2018	2017
	£	£
Cost	4,738,431	10,121,263
Depreciation	(3,509,288)	(6,647,794)
Net Book Value	<u>1,229,143</u>	<u>3,473,469</u>

Operating Lease Residual Value	Furniture & Fittings
	£
Within 1 year	54,771
Between 1 and 2 years	62,618
Between 2 and 5 years	77,522
More than 5 years	86,644
Total	<u>281,556</u>

10 Fixed Asset Investments

Subsidiaries	Shares in group undertakings	Loans to group undertakings	Total
	£	£	£
Cost			
At 1 January 2018	<u>124,422</u>	<u>71,948,100</u>	<u>72,072,522</u>
Carrying amount			
At 31 December 2018	<u>124,422</u>	<u>71,948,100</u>	<u>72,072,522</u>
At 31 December 2017	<u>124,422</u>	<u>71,948,100</u>	<u>72,072,522</u>

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

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

11 Debtors

	Note	2018 £	2017 £
Amounts owed by group undertakings - loans and advances		1,521,865,590	1,623,001,755
Other debtors		4,392,837	3,192,582
Deferred tax assets	8	1,887,094	1,970,282
Prepayments and accrued income		330,157	385,774
		<u>1,528,475,678</u>	<u>1,628,550,393</u>

12 Creditors

	Note	2018 £	2017 £
Due within one year			
Bank loans and overdrafts		704,859	36,158
Obligations under finance lease and hire purchase contracts		4,310	3,114
Trade and other creditors		771,627	379,899
Amounts owed to associate undertakings		1,720,568	44,646
Amounts owed to group undertakings - loans and advances		1,174,174,796	1,308,750,184
Taxation and social security		17,716	-
Accruals and deferred income		491,825	872,662
		<u>1,177,885,701</u>	<u>1,310,086,663</u>
Due after one year			
Obligations under finance lease and hire purchase contracts		<u>7,177</u>	<u>6,479</u>

13 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>137,266,808</u>	<u>137,266,808</u>	<u>167,266,808</u>	<u>167,266,808</u>

On 11th December 2018 the Company cancelled 30,000,000 Ordinary Shares of £1.00 each, cancelled its Share Premium Account and transferred its reserves to distributable reserves.

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

14 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £80,915 (2017 - £74,079).

15 Commitments

During the year the Company entered into spot and forward contracts to buy and sell foreign currencies for hedging intercompany loans receivable and payable.

At the end of the year the Company had borrowing and foreign exchange facilities supported by Omnicom Group Inc. guarantees amounting to £98,324,302 (2017: £83,230,373).

In July 2015 Omnicom Group Inc. entered into a credit facility for US\$2.5 billion, expiring in July 2020. The facility provides credit support for Omnicom Group Inc.'s US\$1.5 billion commercial paper programme under which Omnicom Capital Inc. and Omnicom Finance Limited may issue commercial paper and it is also available to those companies to draw down if required. The credit agreement provides committed funds and is supported by an Omnicom Group Inc. guarantee.

16 Related party transactions

Summary of transactions with subsidiaries

At 31 December 2018, the Company's ultimate parent undertaking was Omnicom Group Inc. The shareholders of the Company have interest 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 indirect subsidiary of Omnicom Group Inc., the Company has taken advantage of the exemption under FRS102 Section 33.1A: Related Party Disclosures, which enable it to exclude disclosure of transactions with Omnicom Group Inc. and its wholly owned subsidiaries.

17 Parent and ultimate parent undertaking

The ultimate parent company is Omnicom Group Inc. incorporated in the United States of America.

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

No other group accounts include the results of the Company.

Omnicom Finance Limited (formerly Omnicom Finance plc)

Notes to the Financial Statements for the year ended 31 December 2018

18 Post balance sheet events

On 14 January 2019 the Company consolidated two existing loan receivable balances with its related party Diversified Agency Services Ltd (DAS). The principal of the consolidated loan is £257,543,000, with a maturity date of 30 June 2019, and the interest rate is set at 1.68% per annum. On the same day, the Company declared a Dividend in Specie of £257,543,000 payable to its shareholder by assignment of the entire DAS loan receivable.

On 15 January 2019, the Company issued a loan of £257,543,000 (€286,000,000) to its related party Cardinia Europe Limited (CE). The loan has a rolling one month maturity date, and the interest rate is set at 1.25% per annum. On the same day, the Company obtained a loan of £117,065,000 (€130,000,000) from its related party Omnicom Capital Inc. The loan matures on 14 August 2019, and the interest rate is set at LIBOR.

On 16 January 2019, the Company issued a loan of £327,782,000 to its related party Omnicom Europe Limited. (OEL) The loan has a rolling one month maturity date for a period no greater than one year, and the interest rate is set at 2.00% per annum.

On 12 February 2019, the Company issued Global Notes to Deutsche Bank, with an aggregate principal balance totalling €520,000,000. The interest rate on the notes is set at 0.000%, maturing on 14 August 2019. The payment date is the stated maturity date, or June 14 2019, in case of early redemption.

On 1 July 2019, the sole shareholder of the Company, Omnicom Management Europe transferred ownership of the Company to Omnicom International Finance (OIF). On the same day, OIF transferred ownership of the Company to Omnicom Finance Holdings plc (OFHP).

On 2nd July 2019, OFHP transferred the ownership of Omnicom Finance Investments Limited (OFI) to OFL for a consideration of the allotment of 80 voting Ordinary Shares of £1.00 each and 20 non-voting Ordinary Shares of £1.00 plus a share premium of £230,232,923.

On 8 July 2019:

- The Company received a capital contribution of £302,345,381 from OFHP for consideration of the issue of 80 voting ordinary shares at £1.00, 20 non-voting ordinary shares at £1.00 each and share premium of £302,345,281.

- CE repaid the outstanding loan receivable in its entirety being the principle amount of £257,543,000.00 (€286,000,000.00) plus interest of £1,531,292 (€1,700,602.11).

- OEL repaid the outstanding loan receivable in its entirety of £330,938,092.43 being the principle amount of £327,782,000.00 plus interest of £3,156,092.43.

- The Company issued a loan of £133,920,000 to its related party OEL. The maturity date is 8 July 2022, and the interest rate is set at 2.75% per annum.

- The Company made a capital contribution to OFI £63,383,919.08 (US\$80,030,000.00) for the allotment by OFI of 100 Ordinary Shares of US\$1.00 each at par plus a total share premium of US\$79,229,800.00 to the Company.

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Notes to the Financial Statements for the year ended 31 December 2018

19 Details of undertaking

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						
OFP Finance Africa (Pty) Limited	K2011/112565/07	South Africa	Common	100.00	Treasury Centre	Central Office Park No 4, 257 Jean Avenue Central Office Park, Centurion, Gauteng, 0157, South Africa