

# **Octagon Athlete Representation Limited**

**Directors' Report, Strategic Report and  
Financial Statements**

**Year ended 31 December 2019**

**Registered Number: 1064273**

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# **Octagon Athlete Representation Limited**

## **Strategic Report for the year ended 31 December 2019**

The directors present their strategic report of Octagon Athlete Representation Limited (the "Company") registered number 1064273 for the year ended 31 December 2019.

### **Principal activities and review of the business**

The Company's principal activity during the year was to act as full service career managers for leading sports and entertainment personalities.

The Company's profit for the year was £70,000 (2018: loss £283,000). The directors consider that the result for the year is in line with expectations. The Company had net liabilities of £704,000 as at 31 December 2019 (2018: net liabilities of £774,000).

Generally, we met expectations. Growth in our Tennis event business, together with additional revenue from new client athletes helped us to return to profitability.

### **Key performance indicators**

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### **Financial Reporting Standard 102 (FRS 102)**

The Company has complied with Financial Reporting Standard 102 (FRS 102) during the year.

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of The Interpublic Group of Companies, Inc. and are not managed separately. These risks are discussed in The Interpublic Group of Companies, Inc. annual financial statements for the year ended 31 December 2019, which does not form part of this report. Copies of The Interpublic Group of Companies, Inc. consolidated financial statements can be obtained from:

The Interpublic Group of Companies, Inc.  
909 Third Avenue  
New York, NY 10022, USA

### **Strategy and future developments**

We will continue to build on the successful events that we have established. The two most significant events are flexible and can be adapted to whatever the Covid 19 landscape is in 2021. Our focus on growing our Football and Golf Personality representation business remains a key priority.

Our business operates across a wide range of revenue generating streams so we are relatively well placed to navigate the challenges of the Pandemic in the year ahead.

On behalf of the Board



C. Bloxham  
Director

31 August 2020

# **Octagon Athlete Representation Limited**

## **Directors' Report for the year ended 31 December 2019**

The directors present their report and financial statements of Octagon Athlete Representation Limited (the "Company") registered number 1064273 for the year ended 31 December 2019.

### **Future developments**

Future developments, strategy and key performance indicators are discussed in the strategic report.

### **Dividends**

The Directors did not recommend the payment of a dividend during the year (2018: £nil).

### **Objectives and policies**

The Company's operations expose it to a variety of financial risks. These include the credit risk, the liquidity risk associated with recovering customer debt on a timely basis, and the interest rate cash flow risk. The Company has in place a risk management programme that seeks to minimise the potential adverse effects on the financial performance of the Company by monitoring customer debt levels and the related financial risks to the business.

The Company follows the standard policy and procedures (SP&P) manual provided by The Interpublic Group of Companies, Inc., which sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by The Interpublic Group of Companies, Inc..

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department follows the policy and procedures manual provided by The Interpublic Group of Companies, Inc. that sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by The Interpublic Group of Companies, Inc..

Given the nature of the Company being a holding Company, the directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department follows the policy and procedures manual provided by the Company's ultimate parent company that sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by the Company's ultimate parent company.

### **Credit risk**

The Company has implemented policies to monitor customer debt levels and to ensure that excessive credit is not extended to any particular customer. This provides the business with visibility of balances and ensures that no further credit is extended in cases where this is not merited. The maximum exposure to credit risk at 31 December 2019 was mainly as follows: trade debtors £128,000, amounts owed by group undertakings £52,000, other debtors £3,000, prepayment and accrued income £349,000 and debtors due after more than one year £nil (2018: £122,000, £35,000, £3,000, £39,000, £nil respectively).

Credit given to other Group companies is also monitored and credit is extended where it is merited. Group debts are collected on the same basis as non-Group debts.

The Company also attempts to minimize credit exposure to cash investments. Cash investments are placed with high-quality financial institutions with limited exposure to any one institution.

### **Liquidity risk**

The Company's customer profile is such that late payments and defaults may reduce the funds available for operations and planned expansions. The Company manages this risk by engaging external collection agencies where required.

### **Political donations**

The Company made no political donations in 2019 (2018: £nil).

# **Octagon Athlete Representation Limited**

## **Directors' Report for the year ended 31 December 2019** (continued)

### **Branches outside the UK**

The Company has no branches outside the UK.

### **Disabled employee note**

The Company is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

### **Employee involvement**

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its future success.

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are given below:

C Bloxham

J Ehrenkranz (resigned 27 September 2019)

N Morton (appointed 23 December 2019)

### **Events post statement of financial position**

Since 31 December 2019, COVID-19 has been declared as a pandemic. The Company has determined that, in line with Section 32 of FRS102, this is a non-adjusting event after the end of the reporting period.

# Octagon Athlete Representation Limited

## Directors' Report for the year ended 31 December 2019 (continued)

### Statement of directors' responsibilities

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, the directors have prepared the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors acknowledge their responsibilities for:

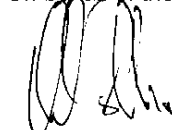
- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006;
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2019 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company;
- the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Audit exemption

Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 on the grounds:

- a) that for the year ended 31 December 2019 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- b) that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

On behalf of the Board



C Bloxham  
Director  
31 August 2020

# Octagon Athlete Representation Limited

## Statement of comprehensive income For the year ended 31 December 2019

	Note	2019 £000's	2018 £000's
Turnover	5	1,197	907
Cost of sales		(265)	(290)
		<hr/>	<hr/>
Revenue/Gross profit		932	617
Administrative expenses		(787)	(892)
		<hr/>	<hr/>
Operating profit/(loss)	6	145	(275)
Interest receivable and similar income	7	1	2
Interest payable and similar expenses	8	(8)	(10)
		<hr/>	<hr/>
Profit/(loss) before taxation		138	(283)
Tax on profit/(loss)	11	(68)	-
		<hr/>	<hr/>
Profit/(loss) for the financial year		<hr/> <b>70</b> <hr/>	<hr/> <b>(283)</b> <hr/>

All operations are continuing.

# Octagon Athlete Representation Limited

## Statement of financial position As at 31 December 2019

	Note	2019 £000's	2018 £000's
<b>Fixed assets</b>			
Tangible assets	12	4	5
		<u>4</u>	<u>5</u>
<b>Current assets</b>			
Work in progress		17	2
Debtors	14	532	199
Cash at bank and in hand		190	11
		<u>739</u>	<u>212</u>
Creditors: amounts falling due within one year	15	(1,447)	(991)
<b>Net current liabilities</b>		<u>(708)</u>	<u>(779)</u>
<b>Total assets less current liabilities</b>		<u>(704)</u>	<u>(774)</u>
<b>Net liabilities</b>		<u>(704)</u>	<u>(774)</u>
<b>Capital and reserves</b>			
Called up share capital	16	110	110
Accumulated losses		(814)	(884)
<b>Total equity</b>		<u>(704)</u>	<u>(774)</u>

Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 on the grounds:

- that for the year ended 31 December 2019 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2019 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

The notes on pages 9 to 22 are an integral part of these financial statements.

The financial statements on pages 6 to 22 were authorised for issue by the board of directors on 31 August 2020 and were signed on its behalf.



C Bloxham  
Director  
Octagon Athlete Representation Limited  
Registered No. 1064273

## Octagon Athlete Representation Limited

### Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £000's	Accumulated losses £000's	Total Equity £000's
At 1 January 2018	110	(601)	(491)
Loss for the financial year	-	(283)	(283)
<b>At 31 December 2018</b>	<b>110</b>	<b>(884)</b>	<b>(774)</b>

	Called up share capital £000's	Accumulated Losses £000's	Total Equity £000's
At 1 January 2019	110	(884)	(774)
Profit for the financial year	-	70	70
<b>At 31 December 2019</b>	<b>110</b>	<b>(814)</b>	<b>(704)</b>



# **Octagon Athlete Representation Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **1 General information**

The Company's principal activity during the year was to act as full service career managers for leading sports and entertainment personalities.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 3 Grosvenor Gardens, London, UK, SW1W 0BD.

### **2 Statement of compliance**

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3 Summary of significant accounting policies**

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. The Company has adopted FRS 102 in these financial statements.

#### **a) Basis of preparation**

These financial statements are prepared under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **b) Going concern**

At as 31 December 2019, the Company has a net liabilities of £704,000 (2018: net liabilities £774,000). These financial statements are prepared on the going concern basis as IPG Holdings (UK) Limited, the Company's intermediate holding company, has confirmed in writing its intention to continue to support the Company for a period of not less than one year from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

# **Octagon Athlete Representation Limited**

## **Notes to the financial statements for the year ended 31 December 2019** (continued)

### **3 Summary of significant accounting policies** (continued)

#### **c) Exemptions for qualifying entities under FRS 102**

As a qualifying entity, the Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its intermediate parent company, IPG Holdings (UK) Limited, includes the Company's cash flows in its own consolidated financial statements.

The Company has also taken advantage of the exemption, under FRS 102 paragraph 1.12(c), to the disclosure requirements of FRS 102 section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A, and FRS 102 section 12 Other Financial Instrument Issues, paragraphs 12.26 to 12.29A, on the basis that it is a qualifying entity and the consolidated accounts of IPG Holdings (UK) Limited include the equivalent disclosures.

#### **d) Revenue recognition**

Turnover represents commission sales receivable, excluding VAT and is recognised when the amount earned by the Company is determinable (generally when the Company is notified of its represented client's earnings or when cash is physically received on behalf of the represented client). Turnover also includes project management fees receivable, excluding VAT, recognition of which is based on the contractual conditions. All commission where amounts earned is not yet determinable is deferred. Turnover arose wholly from the Company's principal activity.

#### **e) Interest income**

Interest income is recognised using the effective interest rate method.

#### **f) Dividend income**

Dividend income is recognised when the right to receive payment is established.

#### **g) Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

##### **• Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### **• Pension costs**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost charge disclosed in note 18 represents contributions payable by the Company to the fund.

Contributions payable in respect of employees' personal pension plans are expensed in the statement of comprehensive income as they are incurred.

The Company is a member of the Interpublic Pension Plan, a defined benefit scheme. The Company has adopted the reporting requirements of FRS 102 and is unable to identify its share of the pension scheme assets and liabilities and also its share of the defined benefit costs of the Group scheme. The Company accounts for its contributions as if they were to a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income in the year to which they relate.

Under FRS 102, the deficit of the defined benefit plan should be recognised in the financial statements of the group entity that is legally sponsoring employer for the plan. Accordingly, the deficit is reported in the financial statements of Interpublic Limited, the sponsoring employer of the Interpublic Pension Plan.

# **Octagon Athlete Representation Limited**

## **Notes to the financial statements for the year ended 31 December 2019** (continued)

### **3 Summary of significant accounting policies** (continued)

#### **g) Employee benefits** (continued)

##### **• Pension costs** (continued)

The Company is a member of the Interpublic Pension Plan, a defined benefit scheme. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

##### **• Annual bonus plan**

The Company operates an annual bonus plan for some employees. An expense is recognised in the statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### **h) Foreign currencies**

The Company's functional and presentation currency is pound sterling. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising from the revaluation of foreign currency assets and liabilities are taken to the statement of comprehensive income during the year to which they relate.

#### **i) Borrowing costs**

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

#### **j) Leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of membership remain with the lessor, are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

#### **k) Lease incentives**

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

#### **l) Exceptional items**

Exceptional items comprise those that are by their nature, large unusual non-recurring and are shown separately in the statement of comprehensive income.

# **Octagon Athlete Representation Limited**

## **Notes to the financial statements for the year ended 31 December 2019** (continued)

### **3 Summary of significant accounting policies** (continued)

#### **m) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred taxation assets and liabilities are not discounted.

Corporation tax payable is provided on taxable profits and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the statement of financial position date. Timing differences are differences between a company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates and laws that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on a non-discounted basis in line with FRS 102.

#### **n) Tangible assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the assets evenly over their expected useful lives as follows:

Equipment, fixtures & fittings	3-7 years
Plant & machinery	3-10 years
Asset retirement obligation	The remaining life of the lease
Long leasehold and leasehold improvements	The remaining life of the lease
Computer hardware and software	3-4 years

The assets' useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

# **Octagon Athlete Representation Limited**

## **Notes to the financial statements for the year ended 31 December 2019** (continued)

### **3 Summary of significant accounting policies** (continued)

#### **n) Tangible assets** (continued)

The fair value of estimated asset retirement obligations is recognised in the statement of financial position when identified and a reasonable estimate of fair value can be made. The fair value is determined based on the net present value of the estimated costs which include those legal obligations where the Company will be required to return the properties to their original condition. The asset retirement costs, equal to the estimated fair value of the asset retirement obligation is capitalised as part of the cost of the related long lived asset. Asset retirement costs are amortised over the life of the lease.

Amortisation of asset retirement costs is included in depreciation of fixed assets. Increases in the provision of asset retirement obligation resulting from the passage of time are recorded as interest expense in the statement of comprehensive income. Actual expenditures incurred are charged against the accumulated provision.

#### **o) Work in progress**

Work in progress comprises external charges for goods and services incurred on behalf of clients which have still to be invoiced to clients. Work in progress is stated at the lower of cost or net realisable value. The Company assesses annually at the reporting date if any impairment is required and recognises any impairment loss to the statement of comprehensive income.

#### **p) Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **(i) Financial assets**

Basic financial assets, including debtors and cash at bank and in hand balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets, including equity investments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

# **Octagon Athlete Representation Limited**

## **Notes to the financial statements for the year ended 31 December 2019** (continued)

### **3 Summary of significant accounting policies** (continued)

#### **(ii) Financial liabilities**

Basic financial liabilities, including creditors and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 payment is due within one year or less. If not, they are presented as creditors: amounts falling due over one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

#### **q) Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank loans and overdrafts, when applicable, are shown within borrowings in current liabilities.

#### **r) Deferred income**

Deferred income represents revenue invoiced in advance of services that have not yet been rendered to clients.

#### **s) Called up share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **t) Distributions to equity holders**

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

# **Octagon Athlete Representation Limited**

## **Notes to the financial statements for the year ended 31 December 2019** (continued)

### **3 Summary of significant accounting policies** (continued)

#### **u) Related party disclosures**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Under FRS 102 Advantage has been taken of the exemption for Related Party Disclosures not to disclose transactions with companies that are part of the IPG Group. The address at which the consolidated financial statements of The Interpublic Group of Companies, Inc. are publicly available is shown in note 21.

#### **v) Netting off policy**

Balances with other companies in The Interpublic Group of Companies, Inc. are stated gross, unless all of the following conditions are met:

- (i) The Company and the counterparty owe each other determinable monetary amounts, denominated either in the same currency, or in different but free convertible currencies;
- (ii) The Company has the ability to insist on a net settlement; and
- (iii) The Company's ability to insist on a net settlement is assured beyond doubt. For this to be the case it is necessary that the debit balance mature no later than the credit balance. It is also necessary that the Company's ability to insist on a net settlement would survive the insolvency of the counterparty.

### **4 Critical accounting estimates and assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(a) Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **(i) Useful economic lives of tangible assets (note 3n)**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 3n for the useful economic lives for each class of assets.

##### **(ii) Impairment of trade and other debtors (note 14)**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

# Octagon Athlete Representation Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 5 Turnover

	2019 £000's	2018 £000's
Turnover by origin		
United Kingdom	1,197	907
	<u>1,197</u>	<u>907</u>

The analysis above is by geographical origin, being the location of the Company, which is performing the service for the customer, who may be located in a different location.

Turnover is wholly attributable to the principal activity of the Company.

### 6 Operating profit/(loss)

The following amounts have been charged/(credited) in arriving at the operating profit/(loss):

	2019 £000's	2018 £000's
Employee costs (note 9)	399	547
Depreciation		
- Tangible fixed assets	3	1
Bad debt - provision increase	1	13
Exchange loss/(gain)	18	(13)
Operating lease rentals		
- Office space	126	121

The operating lease rental costs relating to other space were recharged from another group company and the Company accordingly has no lease commitments.

### 7 Interest receivable and similar income

	2019 £000's	2018 £000's
Interest receivable on bank accounts	1	2
	<u>1</u>	<u>2</u>



## Octagon Athlete Representation Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 8 Interest payable and similar expenses

	2019 £000's	2018 £000's
Interest payable on bank overdrafts	8	10
	<u>8</u>	<u>10</u>

#### 9 Employee costs

	2019 £000's	2018 £000's
Wages and salaries (including directors)	325	478
Social security costs	35	51
Pension costs (note 18)		
- Defined contribution	20	13
Severance expense	19	-
Miscellaneous, non-share based incentives and other costs	-	5
Employee costs	<u>399</u>	<u>547</u>

The Company's employees are principally located in the United Kingdom.

# Octagon Athlete Representation Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 9 Employee costs (continued)

The average monthly number of people employed (including directors) by the Company during the year is set out below:

	2019	2018
United Kingdom	8	9
Average monthly number employed	8	9

### Key management compensation

The compensation paid or payable to key management (including directors) for employee services is shown below:

	2019 £000's	2018 £000's
Wages and salaries	114	115
Social security costs	10	9
Pension costs (note 18)		
- Defined contribution	6	4
Miscellaneous, non-share based incentives and other costs	9	8
Key management compensation	139	136

### 10 Directors' emoluments

The directors are remunerated by the Company in respect of their services to the Company.

	2019 £000's	2018 £000's
Aggregate emoluments, including benefits in kind	123	123
Defined contribution scheme - company contributions	6	4
	129	127

Retirement benefits are accruing to 1 director under a defined contribution scheme (2018: 1)

Directors' emoluments have been reflected in the Company where the director has spent a significant portion of their time. Emoluments for one director were borne by other group companies in 2019 and 2018.

# Octagon Athlete Representation Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 11 Tax on profit/(loss)

	2019 £000's	2018 £000's
<b>Current taxation</b>		
UK corporation taxation	15	-
Foreign taxation - withholding tax	53	-
<b>Total current taxation</b>	<u>68</u>	<u>-</u>
<b>Tax on profit/(loss)</b>	<u>68</u>	<u>-</u>

#### Factors affecting the tax charge for the year

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The difference is explained below:

	2019 £000's	2018 £000's
<b>Profit/(loss) before taxation</b>	<u>138</u>	<u>(283)</u>
Profit before taxation at the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	26	(54)
Effects of:		
Expenses not deductible for taxation purposes	(5)	5
Group relief for nil consideration	(5)	50
Foreign taxation	53	-
Unrecognised deferred tax	(1)	(1)
<b>Total tax for the year</b>	<u>68</u>	<u>-</u>

A reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020 has been substantively enacted. However, this was subsequently reversed in March 2020.

At 31 December 2019 there were unused trading losses and non-trading deficits of £nil (2018: £nil) that are available indefinitely for offset against the Company's future taxable profits, and capital losses of £nil (2018: £nil) that are available for offset indefinitely against the Company's future capital gains.

# Octagon Athlete Representation Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 12 Tangible assets

	Computer equipment £000's
<b>At 31 December 2018</b>	
Cost	9
Accumulated depreciation	(4)
<b>Net book value</b>	<b>5</b>
<b>Cost</b>	
1 January 2019	9
Additions	2
Disposals	(2)
<b>31 December 2019</b>	<b>9</b>
<b>Accumulated depreciation</b>	
1 January 2019	(4)
Charge for the year	(3)
Disposals	2
<b>31 December 2019</b>	<b>(5)</b>
<b>Net book value</b>	
<b>31 December 2019</b>	<b>4</b>
<b>Net book value</b>	
<b>31 December 2018</b>	<b>5</b>

## Octagon Athlete Representation Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 14 Debtors

##### Debtors: amounts falling due within one year

	2019 £000's	2018 £000's
Trade debtors	128	122
Amounts owed by group undertakings	52	35
Other debtors	3	3
Prepayments and accrued income	349	39
	<u>532</u>	<u>199</u>

All amounts owed by Group undertakings are unsecured and repayable on demand.

#### 15 Creditors: amounts falling due within one year

	2019 £000's	2018 £000's
Bank loans and overdrafts	870	659
Trade creditors	8	18
Amounts owed to group undertakings	35	13
Corporation Tax	15	-
Other creditors including taxation and social security	33	41
Accruals and deferred income	486	260
	<u>1,447</u>	<u>991</u>

Amounts owed to group undertakings are unsecured, repayable on demand and do not accrue interest.

The Group participates in The Interpublic Group of Companies, Inc. pooling arrangement with Lloyds Banking Group plc. The overdraft interest rate is linked to bank base rate and bank borrowing is secured by an ultimate parent undertaking guarantee. The remaining creditors are unsecured.

## Octagon Athlete Representation Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 16 Called up share capital

	2019 Number (000's)	2018 Number (000's)	2019 £000's	2018 £000's
<b>Allotted and fully paid:</b>				
A ordinary shares of £1.00 each	110	110	110	110

#### 17 Contingent liabilities

The Company is not party to any commitments or guarantees including composite cross guarantees between banks and fellow subsidiaries except for The Interpublic Group of Companies, Inc. pooling arrangements with Lloyds Banking Group plc. The interest rate is linked to a variable base rate and borrowings are secured by parent company guarantees.

#### 18 Pensions

##### Defined contributions scheme

The Company participates in a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £20,000 (2018: £13,000). At 31 December 2019, £3,000 remained unpaid and accrued (2018: £2,000).

#### 19 Events after the reporting period

Since 31 December 2019, COVID-19 has been declared as a pandemic. The Company has determined that, in line with Section 32 of FRS102, this is a non-adjusting event after the end of the reporting period. Accordingly, the financial position and results for the year ending 31 December 2019 have not been adjusted to reflect the impact of the pandemic. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

#### 20 Company information

The Company is registered in England and Wales and its registered office is at 3 Grosvenor Gardens, London, UK, SW1W 0BD.

#### 21 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Octagon Worldwide Limited, a company registered in England and Wales. Copies of its financial statements are available 3 Grosvenor Gardens, London, SW1W 0BD.

The ultimate parent undertaking and controlling party is The Interpublic Group of Companies, Inc., a company incorporated in the United States.

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019, and the smallest group of undertakings to consolidate these financial statements at 31 December 2019 is IPG Holdings (UK) Limited.

The consolidated financial statements for The Interpublic Group of Companies, Inc. can be obtained from 909 Third Avenue, New York, NY 10022, USA.

The consolidated financial statements for IPG Holdings (UK) Limited can be obtained from 3 Grosvenor Gardens, London, United Kingdom, SW1W 0BD.