

Registration number 1367372

TBWA\London Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2015

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TBWA\London Limited

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TBWA\London Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015

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

A strong financial performance was maintained in 2015 as indicated by an increase in the operating profit margin from 17.32% to 19.69%

The company has invested significantly in talent in recent years and this together with cost reductions in office and administration costs throughout the year has resulted in a robust and effective Company that is prepared to meet the challenges of future years

Discretionary reductions in advertising, marketing and corporate communications services spending by clients are still prevalent so TBWA London continues to manage its costs base against gross profit

At the end of the year the Company had net current assets of £9,690,167 (2014 £7,722,503). The directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out in note 1 to the financial statements. Accordingly the directors have prepared the financial statements on a going concern basis.

The key indicators reviewed focus on revenue, operating margin and operating expenses excluding goodwill and amortisation.

Operating expenses are measured in two distinct categories, staff costs and office and administrative expenses.

Office and administrative expenses are primarily comprised of rent and occupancy costs, technology related costs and depreciation and lease costs. During the year office and administration expenses have decreased from 33.4% to 29.8% of revenue.

Staff costs are primarily comprised of salaries, social security and employer pension contributions. As TBWA London is a service business, these costs are monitored on a percentage of revenue basis. Staff costs tend to fluctuate in conjunction with changes in revenue, whereas administrative expenses, which are not directly related to servicing clients, tend to decrease as a percentage of revenue as revenue increases because a significant portion of these expenses are relatively fixed in nature. During 2015 staff costs have marginally increased to 49.7% from 48.8% of revenue in 2014.

The operating margin has improved in 2015 from 17.32% to 19.69%.

The Company's key financial and other performance indicators during the year are

	Unit	2015	2014
Staff costs	%	49.70	48.80
Office and admin expenses	%	29.80	33.40
Operating margin	%	19.69	17.32

TBWA\London Limited

Strategic Report for the Year Ended 31 December 2015

Principal risks and uncertainties

The business environment in which we participate is 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, particularly large international clients, on a broad geographic basis. While many of our client relationships are long-standing, companies put their advertising, marketing and corporate communications service business up for 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 revenue may be adversely affected, which would then affect our results of operations and financial position.

Clients generally are able to reduce marketing spending or cancel projects at any time for any reason. Any of our clients could decide not to continue to utilise our services to the same extent as they have in the past or at all in the future. A significant reduction in marketing spending by our largest clients, or the loss of several of our largest clients, if not replaced by new clients or accounts or an increase in business from existing clients would adversely affect our results of operations and financial condition.

In addition key personnel could be lost or may not be attracted to the business. Employees are the most important assets. The ability to retain key personnel is an important aspect of our competitiveness. A continuing ability to attract and retain those employees is important to our business and if the business is unable to do so, the 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 of operations and financial condition.

Government agencies and consumer groups have directly from time to time affected or attempted to affect the scope, content and manner of presentation of advertising, marketing and corporate communications services, whether through regulations or other governmental action. Any such limitations of the scope of the content of our services could affect our ability to meet our clients' needs, which have a material adverse effect on our results of operations and financial condition in the future.

As a service industry the performance of the Company's business depends on the financial health of its customers and in turn the economic conditions in which they operate. While the Company sees long-term growth in the sectors it operates in, there is always a risk of shrinkage of demand in a market slowing temporarily. The Company has a global client base and therefore could be adversely affected by the strength of both the UK and global economy. The Company seeks to mitigate these risks by attracting a diverse portfolio of clients across several market sectors and geographical locations.

At this time the belief is that business prospects in the industry are improving and are positive therefore stable growth is anticipated for 2016. We expect that we will be able to improve margins as a result of new business wins, our continued new business initiatives and our continuing focus on cost reduction. However, although the economic climate is also positive, it remains volatile and clients' business could be adversely affected which may lead to reductions in client spending.

Approved by the Board on 16 May 2016 and signed on its behalf by



G. Smith
Director

TBWA\London Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the financial statements for the year ended 31 December 2015

Principal activity

The principal activity of the company is the provision of advertising and media services to clients

Dividends

On 11 December 2015 the directors declared and paid an interim dividend in respect of the year ended 31 December 2015 of £4,000,000 (2014 £5,750,000)

Directors of the Company

The directors who held office during the year were as follows

G Smith

D Streiff

N Baum

P Souter

Political and charitable donations

During the year the Company made political donations of £nil (2014 £nil) Donations to charity amounted to £nil (2014 £250)

Approved by the Board on 16 May 2016 and signed on its behalf by



G Smith
Director

239 Old Marylebone Road
London
NW1 5QT

TBWA\London Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 has been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

TBWA\London Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Gross billings		306,442,015	293,126,806
Rebillable costs		<u>(271,968,081)</u>	<u>(259,867,086)</u>
Revenue	2	34,473,934	33,259,720
Direct costs		<u>(250,382)</u>	<u>(139,955)</u>
Gross Profit		34,223,552	33,119,765
Administrative expenses		<u>(27,434,830)</u>	<u>(27,360,298)</u>
Operating Profit	3	6,788,722	5,759,467
Other interest receivable and similar income	7	43,147	35,969
Interest payable and similar charges	8	<u>(1,038)</u>	<u>-</u>
Profit before tax		6,830,831	5,795,436
Taxation	9	<u>(1,408,692)</u>	<u>(1,401,756)</u>
Profit for the financial year		<u>5,422,139</u>	<u>4,393,680</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 shown above. Consequently, a statement of comprehensive income has not been prepared.

TBWA\London Limited
(Registration number: 1367372)
Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	12	612,041	1,077,566
Current assets			
Stocks	13	3,776,139	4,618,785
Debtors	14	<u>71,990,475</u>	<u>52,937,849</u>
		75,766,614	57,556,634
Creditors Amounts falling due within one year	15	<u>(66,076,447)</u>	<u>(49,834,131)</u>
Net current assets		<u>9,690,167</u>	<u>7,722,503</u>
Total assets less current liabilities		10,302,208	8,800,069
Provisions for liabilities	16	<u>(280,000)</u>	<u>(200,000)</u>
Net assets		<u><u>10,022,208</u></u>	<u><u>8,600,069</u></u>
Capital and reserves			
Called up share capital	17	125,006	125,006
Retained earnings		<u>9,897,202</u>	<u>8,475,063</u>
Total equity		<u><u>10,022,208</u></u>	<u><u>8,600,069</u></u>

For the year ending 31 December 2015 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the Board on 16 May 2016 and signed on its behalf by



G Smith
Director

TBWA\London Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £	Retained earnings £	Total £
At 1 January 2015	125,006	8,475,063	8,600,069
Profit for the year	-	5,422,139	5,422,139
Total comprehensive income	-	5,422,139	5,422,139
Dividends	-	(4,000,000)	(4,000,000)
At 31 December 2015	125,006	9,897,202	10,022,208
	Share capital £	Profit and loss account £	Total £
At 1 January 2014	125,006	9,831,383	9,956,389
Profit for the year	-	4,393,680	4,393,680
Total comprehensive income	-	4,393,680	4,393,680
Dividends	-	(5,750,000)	(5,750,000)
At 31 December 2014	125,006	8,475,063	8,600,069

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

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'

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 United Kingdom

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

The Company is exempt by virtue of s400 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 TBWA UK Group Ltd, a parent undertaking established under the law of the United Kingdom. These financial statements present information about the Company as an individual undertaking and not about its group

The financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS102 issued in July 2015 and effective immediately have been applied

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement recognition adjustments

The Company has net current assets of £9,690,167 at 31 December 2015 (2014 £7,722,503). 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 subsidiaries, Omnicom Finance plc and Omnicom Financial Services Limited, the group's UK treasury operations, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance plc and Omnicom Financial Services Limited or by Omnicom Finance plc and Omnicom Financial Services 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 plc, is able to make this commitment because Omnicom Finance plc 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

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Summary of disclosure exemptions

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Fair value or revaluation as deemed cost – The previous GAAP revaluation at transition date has been used as deemed cost for specific tangible fixed assets
- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 January 2015 rather than commencement date of the arrangement

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 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

These financial statements are consolidated in the financial statements of TBWA UK Group Ltd.

The financial statements of TBWA UK Group Ltd may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, Wales.

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 accounts may be obtained from Omnicom Group Inc., 437 Madison Avenue, New York, NY 10022, USA.

Going concern

The financial statements have been prepared 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. On first-time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP.

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.

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

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.

Revenue

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	lower of asset life or life of lease on a straight line basis
Furniture, fittings, tools and equipment	20% per annum straight line basis
Office equipment	25% per annum straight line basis

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. 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.

Stocks

Stock and work in progress are stated at the lower of cost and net realisable value. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes expenses incurred on unbilled work.

Work in progress consists of amounts spent by the Company on behalf of its clients which have not been recharged to clients by the end of the year.

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 Company 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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

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.

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

2 Turnover

The whole of the Company's gross billings, revenue and operating profit for the year related to its principal activity, which was that of an advertising agency, and which was carried out in the following geographical areas

The analysis of the company's revenue for the year from continuing operations for rendering of services is as follows

	2015	2014
	£	£
UK	16,669,451	15,195,031
Europe	13,142,346	13,919,669
Rest of world	4,662,137	4,145,020
	<u>34,473,934</u>	<u>33,259,720</u>

3 Operating profit

Arrived at after charging/(crediting)

	2015	2014
	£	£
Depreciation and other assets written off tangible fixed assets owned	567,276	558,950
Foreign exchange (gains) / losses	112,537	104,393
(Profit)/loss on disposal of property, plant and equipment	(23,191)	-
Hire of plant and machinery - rentals payable under operating leases	431,138	546,063
Hire of other assets - rentals payable under operating leases	3,042,494	3,028,570
Rental income	<u>(2,185,152)</u>	<u>(2,228,499)</u>

4 Auditors' remuneration

	2015	2014
	£	£
Other fees to auditors		
Audit-related assurance services	<u>21,420</u>	<u>9,950</u>

Audit fees are for other services provided by KPMG and do not include an audit fee for the financial statements

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

5 Directors' remuneration

	2015	2014
	£	£
Directors' emoluments	501,697	548,805
Amounts receivable under long term incentive schemes	132,784	120,671
	<u>634,481</u>	<u>669,476</u>
Company contributions to money purchase pension schemes	42,636	48,367
	<u>677,117</u>	<u>717,843</u>

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

	2015 No.	2014 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director

	2015 £	2014 £
Remuneration	296,054	363,058
Benefits under long-term incentive schemes (excluding shares)	100,579	91,295
Company contributions to money purchase pension schemes	<u>24,136</u>	<u>29,867</u>

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 (2014 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 directors remain employees of the Omnicom group. Restricted shares may not be sold, transferred, pledged or otherwise encumbered until the restrictions lapse. Under most circumstances, the directors forfeit the shares still subject to restriction, if the directors cease employment prior to the end of the period of restriction.

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

6 Staff costs

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

	2015	2014
	£	£
Wages and salaries	14,343,513	13,733,333
Share related awards	101,128	84,658
Social security costs	1,889,930	1,916,963
Pension and other post-employment benefit costs	430,407	393,075
Severance/loss of office	392,206	112,843
	<u>17,157,184</u>	<u>16,240,872</u>

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

	2015	2014
	No.	No.
Production	29	27
Administration and support	59	59
Other departments	144	150
	<u>232</u>	<u>236</u>

7 Other interest receivable and similar income

	2015	2014
	£	£
Receivable from group undertakings	<u>43,147</u>	<u>35,969</u>

8 Interest payable and similar charges

	2015	2014
	£	£
Other interest payable	<u>1,038</u>	<u>-</u>

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Taxation

Tax charged/(credited) in the income statement

	2015 £	2014 £
Current taxation		
Current tax on income for the period	1,463,532	1,340,764
Adjustments in respect of previous periods	<u>1,158</u>	<u>125,723</u>
	<u>1,464,690</u>	<u>1,466,487</u>
Deferred taxation		
Origination and reversal of timing differences	(60,294)	(54,249)
Effect of increased/decreased tax rate on opening liability	5,676	2,527
Adjustment in respect of previous periods	<u>(1,380)</u>	<u>(13,009)</u>
Total deferred taxation	<u>(55,998)</u>	<u>(64,731)</u>
Tax expense in the income statement	<u>1,408,692</u>	<u>1,401,756</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%)

The differences are reconciled below

	2015 £	2014 £
Profit before tax	<u>6,830,831</u>	<u>5,795,436</u>
Corporation tax at standard rate	1,383,243	1,246,019
Effect of expense not deductible in determining taxable profit (tax loss)	6,207	9,383
UK deferred tax expense (credit) relating to changes in tax rates or laws	5,676	2,527
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(1,380)	(13,009)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	1,158	125,723
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>13,788</u>	<u>31,113</u>
Total tax charge	<u>1,408,692</u>	<u>1,401,756</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) and 19% to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated based on the rates of 19% and 18% substantively enacted at the balance sheet date.

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Deferred tax

Deferred tax assets and liabilities

	Asset £
2015	
Difference between accumulated depreciation and capital allowances	169,421
Other timing differences	<u>4,866</u>
	<u>174,287</u>
2014	
Difference between accumulated depreciation and capital allowances	112,933
Other timing differences	<u>5,356</u>
	<u>118,289</u>

10 Dividends

	2015 £	2014 £
Interim dividend of £32 00 (2014 - £46 00) per ordinary share	<u>4,000,000</u>	<u>5,750,000</u>

11 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2015	33,000,000	33,000,000
Disposals	<u>(33,000,000)</u>	<u>(33,000,000)</u>
At 31 December 2015	-	-
Amortisation		
At 1 January 2015	33,000,000	33,000,000
Disposals	<u>(33 000,000)</u>	<u>(33,000,000)</u>
At 31 December 2015	-	-
Carrying amount		
At 31 December 2015	-	-
At 31 December 2014	-	-

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

12 Tangible fixed assets

	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation				
At 1 January 2015	2,157,183	526,168	127,634	2,810,985
Additions	70,354	22,543	8,854	101,751
Disposals	-	-	(11,867)	(11,867)
At 31 December 2015	<u>2,227,537</u>	<u>548,711</u>	<u>124,621</u>	<u>2,900,869</u>
Depreciation				
At 1 January 2015	1,151,391	484,697	97,331	1,733,419
Charge for the year	510,421	31,008	25,847	567,276
Disposal	-	-	(11,867)	(11,867)
At 31 December 2015	<u>1,661,812</u>	<u>515,705</u>	<u>111,311</u>	<u>2,288,828</u>
Carrying amount				
At 31 December 2015	<u>565,725</u>	<u>33,006</u>	<u>13,310</u>	<u>612,041</u>
At 31 December 2014	<u>1,005,792</u>	<u>41,471</u>	<u>30,303</u>	<u>1,077,566</u>

13 Stocks

	2015 £	2014 £
Stock	<u>3,776,139</u>	<u>4,618,785</u>

14 Debtors

	Note	2015 £	2014 £
Trade debtors		38,944,835	24,217,153
Amounts owed by group undertakings - trading balances		2,344,926	3,223,606
Amounts owed by group undertakings - loans and advances		10,931,933	9,350,664
Other debtors		16,650,514	12,967,590
Deferred tax assets	9	174,287	118,289
Prepayments and accrued income		<u>2,943,980</u>	<u>3,060,547</u>
		<u>71,990,475</u>	<u>52,937,849</u>

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

The Company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance plc and Omnicom Financial Services 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 plc and Omnicom Financial Services Limited or by Omnicom Finance plc and Omnicom Financial Services Limited depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is £10,931,933 (2014 £9,530,664) representing cash deposited by the Company under these arrangements.

15 Creditors

Note	2015 £	2014 £
Due within one year		
Payments received on account	3,559,860	4,905,704
Trade creditors	3,118,718	2,268,458
Amounts owed to group undertakings - trading balances	53,368,909	35,399,308
Amounts owed to group undertakings - loans and advances	91,233	-
Taxation and social security	1,806,687	1,678,342
Accruals and deferred income	4,131,040	5,582,319
	<u>66,076,447</u>	<u>49,834,131</u>

The Company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance plc and Omnicom Financial Services 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 plc and Omnicom Financial Services Limited or by Omnicom Finance plc and Omnicom Financial Services Limited depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is £91,233 (2014 £nil) representing cash deposited by the Company under these arrangements.

16 Deferred tax and other provisions

	Other provisions £	Total £
At 1 January 2015	200,000	200,000
Additional provisions	80,000	80,000
At 31 December 2015	<u>280,000</u>	<u>280,000</u>

TBWA\London Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>125,006</u>	<u>125,006</u>	<u>125,006</u>	<u>125,006</u>

Rights, preferences and restrictions

Ordinary A shares have the following rights, preferences and restrictions

No restrictions

18 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 £430,407 (2014 - £393,075)

19 Commitments

Non-cancellable operating lease rentals are payable as follows

Operating leases

The total of future minimum lease payments is as follows

	2015	2014
	£	£
Not later than one year	268,116	1,272,659
Later than one year and not later than five years	340,088	482,091
Later than five years	<u>2,180</u>	<u>41,801</u>
	<u>610,384</u>	<u>1,796,551</u>

The amount of operating lease payments recognised as an expense during the year was £1,212,764 (2014 - £1,778,420)

20 Related party transactions

Summary of transactions with subsidiaries

At 31 December 2014, 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 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.

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Notes to the Financial Statements for the Year Ended 31 December 2015

21 Parent and ultimate parent undertaking

The ultimate parent 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

The Company is also consolidated into TBWA UK Group Ltd and these accounts may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, Wales