

Registration number: 1757157

CPM United Kingdom Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2016

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CPM United Kingdom Limited

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CPM United Kingdom Limited

Strategic Report for the year ended 31 December 2016

The Directors present their strategic report for the year ended 31 December 2016.

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 uncertain economy has lead to uncertainty in our clients spending patterns. 2016 has seen a decline in marketing expenditure and subsequently a slight decline in our revenue line. Business prospects are linked to a very uncertain economy, both in the U.K. and Europe, where a number of our clients trade. We operate in a very competitive marketplace and clients are putting more pressure on agencies to deliver more for less.

The key indicators that we focus on are revenue/gross profit, operating profit and the operating margin of the business. On a like for like basis, revenue has decreased by (0.2%) due to a decrease in our Contact Centre business, which has partially been offset by an increase in our Face to Face business. Operating profit has decreased (8.5%) as a result of the decrease in revenue and an increase in costs.

We measure operating expenses in two distinct cost categories; staff costs and office and administrative expenses. Staff costs are primarily comprised of salaries, social security and employer pension contributions. Office and administrative expenses are primarily comprised of rent and occupancy costs, technology related costs and depreciation. As a service business, costs are monitored on a percentage of revenue basis. Details regarding these costs are provided in notes 3 and 5 of these accounts.

Our Balance Sheet continues to be strong, recognizing the value of investments we have made to grow the Group. Our net assets have reduced to £13,693,806 from (2015:£17,068,589) principally resulting from a decrease in Debtors and an increase in Creditors.

Whilst we continue to operate with net current liabilities £8,266,221 (2015: net current liabilities of £3,932,843) our effective cash balances include amounts deposited within our cash concentration arrangement with Omnicom at the year-end of (£21,194) (2015: £184,016) and strict adherence to our credit policies have ensured that we have had minimal amounts of bad debt during the current year and we expect this to continue.

Given this and the strength of our relationships with the Omnicom Group, we are confident in the company's financial position and future.

Please include details of the Company's key financial and other performance indicators during the year if applicable:

| | Unit | 2016 | 2015 |
|------------------|-------|--------|--------|
| Turnover | £'000 | 78,121 | 78,288 |
| Operating Profit | £'000 | 5,678 | 6,203 |

CPM United Kingdom Limited

Strategic Report for the year ended 31 December 2016

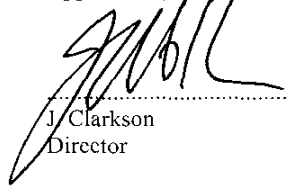
Principal risks and uncertainties

We believe that our business prospects continue to remain good but remain dependent on further improvement in the UK and global economies. If these improvements do not materialize, then we will review the impact on the business.

The industry in which we operate 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 serve clients. While many of our client relationships are long-standing, a good number of these are in fast moving industries, which drive such clients to regularly review the scope and level of services which we provide. The consequences of reviewing our services within the competitive marketplace in which we operate will always place at risk our existing revenue streams and our ability to grow and develop business.

Our ability to retain key personnel is also a risk for the business. Our employees are our most important assets and our ability to retain key personnel is a key aspect of our competitiveness.

Approved by the Board on 7 June 2017 and signed on its behalf by:



J. Clarkson
Director

CPM United Kingdom Limited

Directors' Report for the year ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the provision of Customer Contact Solutions via Face to Face, over the telephone or via the internet.

Dividends

During the year dividends of £7,587,000 were declared and paid.

Directors of the Company

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

K. Jackson

P. Roberts

A. Buck

M. Williams

J. Clarkson

A. Georgiou-Finch

Political and charitable donations

During the year the Company made political donations of £ nil (2015: £nil). Donations to charity amounted to £nil (2015: £nil).

Employment of disabled persons

The Company's policy in respect of disabled people is to offer them suitable positions where possible, and to help any employees who became disabled by making, where possible, reasonable adjustments to their employment or working conditions which they consider would assist them in the performance of their duties.

Employee involvement

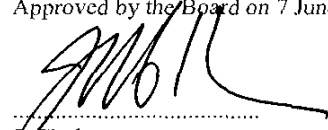
During the year the Company employed on average 782 employees (2015: 826).

The Company continues to keep employees informed on matters of concern to them as employees and on various factors affecting the performance of the group through regular face to face briefings and company newsletters. The directors work with the employees in a number of ways to ensure their views can be taken into account in making decisions which are likely to affect their interest. This might include the use of focus groups, suggestion schemes, team meetings and feedback from briefings. The Company is committed to the principle of equal opportunities in employment. Training, career development and promotional opportunities will be made available to all employees through various programmes, initiatives and assessment schemes used by the company.

CPM United Kingdom Limited

Directors' Report for the year ended 31 December 2016

Approved by the Board on 7 June 2017 and signed on its behalf by:



.....
J. Clarkson
Director

85 Strand
5th Floor
London
WC2R 0DW

CPM United Kingdom 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.

CPM United Kingdom Limited

Profit and Loss Account for the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| Gross billings | 2 | 78,120,852 | 78,287,508 |
| Direct costs | | <u>(53,736,999)</u> | <u>(53,946,607)</u> |
| Gross profit | | 24,383,853 | 24,340,901 |
| Administrative expenses | | (19,582,320) | (19,338,360) |
| Other operating income | | <u>876,468</u> | <u>1,200,912</u> |
| Operating profit | 3 | 5,678,001 | 6,203,453 |
| Income from participating interests | | 1,974,000 | 2,225,949 |
| Interest payable and similar charges | 6 | <u>(91,795)</u> | <u>(47,416)</u> |
| Profit before tax on ordinary activities | | 7,560,206 | 8,381,986 |
| Taxation | 7 | <u>(1,205,699)</u> | <u>(1,551,710)</u> |
| Profit for the financial year | | <u><u>6,354,507</u></u> | <u><u>6,830,276</u></u> |

The results shown above are derived wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 11 to 26 form an integral part of these financial statements.

CPM United Kingdom Limited

Statement of Comprehensive Income for the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-------------------------|-------------------------|
| Profit for the year | | <u>6,354,507</u> | <u>6,830,276</u> |
| Total comprehensive income for the year | | <u><u>6,354,507</u></u> | <u><u>6,830,276</u></u> |

CPM United Kingdom Limited
(Registration number: 1757157)
Balance Sheet as at 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 1,146,154 | 69,896 |
| Tangible assets | 10 | 4,420,739 | 4,354,261 |
| Investments | 11 | <u>16,577,275</u> | <u>16,577,275</u> |
| | | <u>22,144,168</u> | <u>21,001,432</u> |
| Current assets | | | |
| Debtors | 12 | 26,493,027 | 28,568,308 |
| Cash at bank and in hand | | <u>137,065</u> | <u>(10,686)</u> |
| | | 26,630,092 | 28,557,622 |
| Creditors: Amounts falling due within one year | 13 | <u>(34,896,313)</u> | <u>(32,490,465)</u> |
| Net current liabilities | | <u>(8,266,221)</u> | <u>(3,932,843)</u> |
| Total assets less current liabilities | | 13,877,947 | 17,068,589 |
| Creditors: Amounts falling due after more than one year | 13 | <u>(184,141)</u> | <u>-</u> |
| Net assets | | <u><u>13,693,806</u></u> | <u><u>17,068,589</u></u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 167,301 | 167,301 |
| Capital contribution reserve | | 14,677,965 | 14,677,965 |
| Retained earnings | | <u>(1,151,460)</u> | <u>2,223,323</u> |
| Total equity | | <u><u>13,693,806</u></u> | <u><u>17,068,589</u></u> |

For the year ending 31 December 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

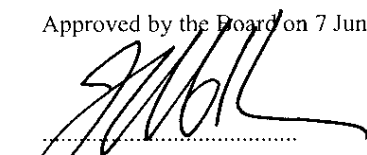
Directors' responsibilities:

- 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.

The notes on pages 11 to 26 form an integral part of these financial statements.

CPM United Kingdom Limited
(Registration number: 1757157)
Balance Sheet as at 31 December 2016

Approved by the Board on 7 June 2017 and signed on its behalf by:


.....
J. Clarkson
Director

CPM United Kingdom Limited

Statement of Changes in Equity for the year ended 31 December 2016

| | Share capital £ | Capital contribution reserve £ | Retained earnings £ | Total £ |
|--|----------------------|---|---------------------------|--------------|
| At 1 January 2016 | 167,301 | 14,677,965 | 2,223,323 | 17,068,589 |
| Profit for the year | - | - | 6,354,507 | 6,354,507 |
| Total comprehensive income | | | 6,354,507 | 6,354,507 |
| Dividends | - | - | (7,587,000) | (7,587,000) |
| Recharge from Omnicom Group Inc in respect of share based payments | - | - | (2,192,031) | (2,192,031) |
| Other reserve movements | - | - | 49,741 | 49,741 |
| At 31 December 2016 | 167,301 | 14,677,965 | (1,151,460) | 13,693,806 |
| | | Capital | | |
| | Share capital | Contribution | earnings | Total |
| | £ | reserve | £ | £ |
| At 1 January 2015 | 167,301 | 14,677,965 | 3,313,192 | 18,158,458 |
| Profit for the year | - | - | 6,830,276 | 6,830,276 |
| Total comprehensive income | | | 6,830,276 | 6,830,276 |
| Dividends | - | - | (7,560,227) | (7,560,227) |
| Recharge from Omnicom Group Inc in respect of share based payments | - | - | (359,918) | (359,918) |
| At 31 December 2015 | 167,301 | 14,677,965 | 2,223,323 | 17,068,589 |

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

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 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 DAS UK Investments Limited, 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 Company has net current liabilities of £8,266,221 at 31 December 2016 (2015: £3,932,843). The directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out below. Accordingly, the directors have prepared the financial statements on a going concern basis.

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, the group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance plc or by Omnicom Finance plc 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.

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

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 end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of DAS UK Investments Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

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

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

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.

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.

Turnover

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

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

Foreign currency transactions and balances

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

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

Tax

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

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

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

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

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 |
|--|------------------------------|
| Freehold Buildings | 2% per annum |
| Leasehold improvements | Life of lease |
| Furniture, fittings, tools and equipment | 10-33% per annum |

Fixed asset investments

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

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.

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 this criteria are disclosed in the notes to the financial statements.

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

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.

Share based payments

Omnicom Group Inc (the ultimate parent of the Company) runs a share ownership programme that allows group employees to acquire shares in Omnicom Group Inc. Options were awarded in March 2009. It is anticipated that the full vesting period for options will be three years. The option grants become exercisable 30% on each of the first two anniversary dates of the grant date with the final 40% becoming exercisable three years from the grant date.

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

2 Turnover

The whole of the Company's gross billings, revenue and operating profit for the year related to its principal activity, and an analysis by geographical destination and type of business is given below.

| | 2016 | 2015 |
|---------------|-------------------|-------------------|
| | £ | £ |
| UK | 68,718,579 | 70,558,138 |
| Europe | 7,495,015 | 6,195,172 |
| Americas | 1,453,200 | 1,412,977 |
| Rest of world | 454,058 | 121,221 |
| Total | <u>78,120,852</u> | <u>78,287,508</u> |

| | 2016 | 2015 |
|-----------------|-------------------|-------------------|
| | £ | £ |
| Field Marketing | 63,866,451 | 61,184,371 |
| Telemarketing | 14,254,401 | 17,103,137 |
| Total | <u>78,120,852</u> | <u>78,287,508</u> |

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

3 Operating profit

Arrived at after charging/(crediting)

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Depreciation and other amounts written off tangible fixed assets: owned | 203,896 | 175,809 |
| Amortisation of software | 349,388 | 77,371 |
| Foreign exchange (gains) / losses | 97,371 | 69,322 |
| Hire of plant and machinery - rentals payable under operating leases | 706,099 | 718,765 |
| Hire of other assets - rentals payable under operating leases | 7,504 | 5,089 |
| Operating lease expense - property | <u>317,509</u> | <u>314,901</u> |

4 Directors' remuneration

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Directors' emoluments | 1,283,953 | 1,494,732 |
| Company contributions to money purchase pension schemes | 107,925 | 124,433 |
| | <u>1,391,878</u> | <u>1,619,165</u> |

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

| | 2016 No. | 2015 No. |
|---|-------------|-------------|
| Accruing benefits under money purchase pension scheme | <u>6</u> | <u>6</u> |

In respect of the highest paid director

| | 2016 £ | 2015 £ |
|---|---------------|---------------|
| Remuneration | 304,796 | 351,450 |
| Company contributions to money purchase pension schemes | <u>17,632</u> | <u>29,295</u> |

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

5 Staff costs

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

| | 2016 £ | 2015 £ |
|---|-------------------|-------------------|
| Wages and salaries | 12,721,207 | 13,214,500 |
| Share related awards | 208,935 | 234,766 |
| Social security costs | 1,619,595 | 1,321,370 |
| Pension and other post-employment benefit costs | 766,905 | 793,834 |
| Severance/loss of office | 134,056 | 156,719 |
| | <u>15,450,698</u> | <u>15,721,189</u> |

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

| | 2016 No. | 2015 No. |
|----------------------------|-------------|-------------|
| Administration and support | <u>782</u> | <u>826</u> |

6 Interest payable and similar charges

| | 2016 £ | 2015 £ |
|--|---------------|---------------|
| Payable to group undertakings | 90,641 | 46,947 |
| Other interest payable | 354 | 469 |
| Finance charges payable in respect of finance leases and hire purchase contracts | 800 | - |
| | <u>91,795</u> | <u>47,416</u> |

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

7 Taxation

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

| | 2016 £ | 2015 £ |
|---|-------------------------|-------------------------|
| Current taxation | | |
| Current tax on income for the period | 989,714 | 1,271,565 |
| Adjustments in respect of previous periods | <u>(9,076)</u> | <u>324,157</u> |
| | <u>980,638</u> | <u>1,595,722</u> |
| Deferred taxation | | |
| Origination and reversal of timing differences | 201,804 | (68,872) |
| Effect of increased/decreased tax rate on opening liability | <u>23,257</u> | <u>24,860</u> |
| Total deferred taxation | <u>225,061</u> | <u>(44,012)</u> |
| Tax expense in the profit and loss account | <u><u>1,205,699</u></u> | <u><u>1,551,710</u></u> |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

| | 2016 £ | 2015 £ |
|---|-------------------------|-------------------------|
| Profit before tax | <u>7,560,206</u> | <u>8,381,986</u> |
| Corporation tax at standard rate | 1,512,041 | 1,697,352 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 44,151 | 22,805 |
| UK deferred tax expense (credit) relating to changes in tax rates or laws | 23,257 | 24,860 |
| Increase (decrease) in UK and foreign current tax from adjustment for prior periods | - | 324,157 |
| Tax increase (decrease) from effect of dividends from UK companies | (445,642) | (450,755) |
| Other tax effects for reconciliation between accounting profit and tax expense (income) | <u>-</u> | <u>(66,709)</u> |
| Total tax charge | <u><u>1,133,807</u></u> | <u><u>1,551,710</u></u> |

A reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 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 2016 has been calculated based on these rates.

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

Deferred tax

Deferred tax assets and liabilities

| | Asset £ |
|---|----------------|
| 2016 | |
| Difference between accumulated depreciation and amortisation and capital allowances | 30,605 |
| Other timing differences | <u>242,963</u> |
| | <u>273,568</u> |
| 2015 | |
| | Asset £ |
| Difference between accumulated depreciation and amortisation and capital allowances | 57,617 |
| Other timing differences | <u>418,021</u> |
| | <u>475,638</u> |

8 Dividends

| | 2016 £ | 2015 £ |
|----------------------------|------------------|------------------|
| Current year dividend paid | <u>7,587,000</u> | <u>7,560,227</u> |

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

9 Intangible assets

| | Concessions, patents, licenses, trademarks and similar rights and assets £ | Total £ |
|--------------------------|---|------------------|
| Cost or valuation | | |
| At 1 January 2016 | 1,063,806 | 1,063,806 |
| Additions | 1,425,646 | 1,425,646 |
| Disposals | (612,394) | (612,394) |
| At 31 December 2016 | <u>1,877,058</u> | <u>1,877,058</u> |
| Amortisation | | |
| At 1 January 2016 | 993,910 | 993,910 |
| Amortisation charge | 349,388 | 349,388 |
| Disposals | (612,394) | (612,394) |
| At 31 December 2016 | <u>730,904</u> | <u>730,904</u> |
| Carrying amount | | |
| At 31 December 2016 | <u>1,146,154</u> | <u>1,146,154</u> |
| At 31 December 2015 | <u>69,896</u> | <u>69,896</u> |

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

10 Tangible fixed assets

| | Land and buildings £ | Leasehold improvements £ | Furniture, fittings and equipment £ | Office equipment £ | Total £ |
|--------------------------|----------------------------|--------------------------------|--|--------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 January 2016 | 6,473,325 | 1,316,541 | 598,951 | - | 8,388,817 |
| Additions | - | - | 24,904 | 245,470 | 270,374 |
| Disposals | - | (513,056) | (4,657) | - | (517,713) |
| Transfers | 639,610 | (639,610) | - | - | - |
| At 31 December 2016 | <u>7,112,935</u> | <u>163,875</u> | <u>619,198</u> | <u>245,470</u> | <u>8,141,478</u> |
| Depreciation | | | | | |
| At 1 January 2016 | 2,900,431 | 638,076 | 496,049 | - | 4,034,556 |
| Charge for the year | 151,180 | 28,526 | 15,765 | 8,425 | 203,896 |
| Disposal | - | (513,056) | - | - | (513,056) |
| Transfers | - | - | (4,657) | - | (4,657) |
| At 31 December 2016 | <u>3,051,611</u> | <u>153,546</u> | <u>507,157</u> | <u>8,425</u> | <u>3,720,739</u> |
| Carrying amount | | | | | |
| At 31 December 2016 | <u>4,061,324</u> | <u>10,329</u> | <u>112,041</u> | <u>237,045</u> | <u>4,420,739</u> |
| At 31 December 2015 | <u>3,572,894</u> | <u>678,465</u> | <u>102,902</u> | <u>-</u> | <u>4,354,261</u> |

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

11 Fixed Asset Investments

| | Shares in group undertakings £ | Total £ |
|------------------------|--------------------------------------|-------------------|
| Subsidiaries | | |
| Cost | | |
| At 1 January 2016 | <u>16,577,275</u> | <u>16,577,275</u> |
| Provision | | |
| Carrying amount | | |
| At 31 December 2016 | <u>16,577,275</u> | <u>16,577,275</u> |
| At 31 December 2015 | <u>16,577,275</u> | <u>16,577,275</u> |

Impairment of joint ventures

The amount of impairment loss included in profit or loss is £nil (2015 - £Nil).

Impairment of associates

The amount of impairment loss included in profit or loss is £nil (2015 - £Nil).

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

12 Debtors

| | Note | 2016 £ | 2015 £ |
|---|------|-------------------|-------------------|
| Trade debtors | | 13,987,286 | 14,853,617 |
| Amounts owed by group undertakings - trading balances | | 626,737 | 1,371,419 |
| Amounts owed by group undertakings - loans and advances | | - | 184,016 |
| Other debtors | | 271,333 | 97,718 |
| Deferred tax assets | 7 | 273,568 | 475,638 |
| Prepayments and accrued income | | <u>11,334,103</u> | <u>11,585,900</u> |
| | | <u>26,493,027</u> | <u>28,568,308</u> |

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, 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 or by Omnicom Finance plc depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is (£21,194) (2015: £184,016) representing cash deposited by the Company under these arrangements.

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

13 Creditors

| | Note | 2016 £ | 2015 £ |
|---|------|-------------------|-------------------|
| Due within one year | | | |
| Obligations under finance lease and hire purchase contracts | | 52,836 | - |
| Trade creditors | | 2,118,387 | 1,733,815 |
| Amounts owed to group undertakings - trading balances | | 11,343,989 | 7,838,297 |
| Amounts owed to group undertakings - loans and advances | | 2,517,864 | 3,958,279 |
| Taxation and social security | | 2,823,181 | 4,266,168 |
| Accruals and deferred income | | 16,040,056 | 14,693,906 |
| | | <u>34,896,313</u> | <u>32,490,465</u> |
| Due after one year | | | |
| Obligations under finance lease and hire purchase contracts | | <u>184,141</u> | <u>-</u> |

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, 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 or by Omnicom Finance plc depositing cash with the Company. Included in Amounts owed to group undertakings - loans and advances is £2,517,864 (2015: £3,958,279) representing amounts owing by the Company under these arrangements.

14 Share capital

Allotted, called up and fully paid shares

| | 2016 | | 2015 | |
|-------------------------------|------------------|-------------------|------------------|-------------------|
| | No. | £ | No. | £ |
| Ordinary shares of £0.05 each | <u>3,346,020</u> | <u>167,301.00</u> | <u>3,346,020</u> | <u>167,301.00</u> |

15 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 £766,905 (2015 - £793,834).

16 Post balance sheet events

The Company paid a dividend to DAS UK Investments Limited on 10th March 2017 of £393,000.

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

17 Share-based payments

Omnicom Group Inc (the ultimate parent of the Company) runs a share ownership programme that allows group employees to acquire shares in Omnicom Group Inc. Options were awarded in March and December 2009. It is anticipated that the full vesting period for options will be three years. The option grants become exercisable 30% on each of the first two anniversary dates of the grant date with the final 40% becoming exercisable three years from the grant date.

The fair value of services received in return for shares and share options granted to employees, is measured by reference to the fair value of shares and share options granted. As permitted by FRS 102 Section 26, the Company has applied the requirements of this standard to all share based payment awards granted after 7 November 2002. The estimate of the fair value of the services received is measured based on the Black-Scholes formula.

There were no new share options awarded during the year and any options outstanding at the year-end have a weighted average contractual life of 10 years.

During the year ended 31 December 2016, the Company recognised an expense of £nil (2015: £nil) in respect of outstanding share awards.

| | 2009 |
|--|--------|
| Fair value at measurement date \$ | 3.51 |
| Weighted average share price \$ | 23.40 |
| Exercise price \$ | 23.40 |
| Expected volatility (expressed as 5 year historical monthly used in the modelling under Black Scholes model) | 19.61% |
| Option life in years | 5 |
| Expected dividends | 2.458% |
| Risk-free interest rate (based on national government bonds) | 1.67% |

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

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

The liability arising in relation to the linked recharge from Omnicom Group Inc in relation to these share options for the year was £401,939 (2015: £868,063).

The weighted average share price at the date of exercise of share options exercised during the year was \$83.33 (2015: \$75.18).

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2016

| | 2016 | 2016 | 2015 | 2015 |
|---|---|----------------------|---|----------------------|
| | Weighted average exercise price \$ | Number of options | Weighted average exercise price \$ | Number of options |
| At beginning of year | 23.40 | 65,750 | 23.40 | 89,500 |
| Granted | 23.40 | - | 23.40 | - |
| Exercised | 23.40 | 10,700 | 23.40 | 23,750 |
| Lapsed | 23.40 | - | 23.40 | - |
| Forfeited | 23.40 | - | 23.40 | - |
| Outstanding options at end of the year | <u>23.40</u> | <u>55,050</u> | <u>23.40</u> | <u>65,750</u> |
| Exercisable at end of the year | <u>23.40</u> | <u>55,050</u> | <u>23.40</u> | <u>65,750</u> |

18 Commitments

Operating leases

The total future minimum lease commitment is as follows:

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Not later than one year | 1,725,278 | 2,304,722 |
| Later than one year and not later than five years | <u>1,352,356</u> | <u>2,483,963</u> |
| | <u>3,077,634</u> | <u>4,788,685</u> |

19 Related party transactions

Summary of transactions with subsidiaries

At 31 December 2016, 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.

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Notes to the Financial Statements for the year ended 31 December 2016

20 Parent and ultimate parent undertaking

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

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

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

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Notes to the Financial Statements for the year ended 31 December 2016

21 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 | Principle activity | Registered address |
|--|----------------|--------------------------|----------|---|--------------------|---|
| Subsidiary undertakings | | | | | | |
| Counter Products Marketing (Ireland) Limited | 116133 | Ireland | Ordinary | 100.00 | Merchandising | 41a Blackberry Lane, Rathmines, Dublin 6, Ireland |
| TRO Group Limited | 2361809 | England | Ordinary | 100.00 | Field Marketing | 85 Strand, 5th Floor, London, WC2R 0DW |
| Contract Personnel Limited | 102618 | Ireland | Ordinary | 100.00 | Advertising | 41a Blackberry Lane, Rathmines, Dublin 6, Ireland |