

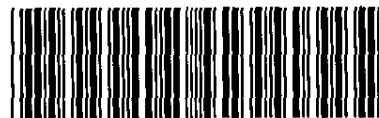
Registration number: 1757157

CPM United Kingdom Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

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CPM United Kingdom Limited

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CPM United Kingdom Limited

Strategic Report for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

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

Despite an uncertain economy we have seen client spending patterns increase as Covid restrictions have been lifted. New business opportunities are returning to pre-Covid levels; we are winning new clients and our pipeline of prospects is strong. As a result, Turnover has increased year on year and the outlook going forward is positive.

We continue to focus on the digitisation of our processes, products and services, to ensure that we can provide more cost-effective solutions. The development of our Liquid Field Sales proposition and innovation in terms of Shopt, Data and Predictive Analytics, Detail, Photo Recognition and our Flex Grocery solution has ensured that we continue to lead the market.

Similarly, our Investment in our Client Audit Process, ensures we gain valuable insights into our customers' requirements, allowing us to focus on key deliverables and demonstrate ROI.

The key indicators that we focus on are turnover, gross profit, operating profit and the operating margin of the business. On a like for like basis, turnover has increased by 5.9% due to the increase in client spend post pandemic; Operating profit has decreased and resulted in a loss in 2021. This is due to CPM funding furlough payments in 2021 rather than utilising the Government Grants from the Coronavirus Job Retention Scheme as we did in 2020.

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 net assets have decreased to £15,481,630 (2020: £16,734,585), however our Balance Sheet continues to be strong, recognizing the value of investments we have made to grow the Group.

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

Details of the company's key financial and other performance indicators during the year:

	Unit	2021	2020
Turnover	£'000	59,917	56,586
Operating Profit/(Loss)	£'000	(5,701)	653

CPM United Kingdom Limited

Strategic Report for the year ended 31 December 2021

People

We communicate regularly and transparently so our people understand the decisions we are making to support them and our clients.

We continue to provide additional resources and guidance to support people development and motivate our people to enable them to reach their full potential by harnessing their talent, creativity and diversity.

We are committed to being a place where people love to work.

Suppliers

In partnership with our suppliers we look to improve quality, innovation and sustainability throughout our supply chain.

Community

In the local community, we provide good employment opportunities, supporting local and national charities and initiating community initiatives.

Section 172 (1) statement

When making decisions, the directors of the company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

In discharging their duties in respect of s.172(1) the directors have had regard to the factors set out above.

As a part of the DAS group of companies, a member of the Omnicom Speciality Marketing Group practice area, and a wholly owned subsidiary of wider Omnicom global network, decisions taken by the directors are made with a view to the long term and in collaboration with these networks - whether at practice area level, DAS global level or Omnicom level.

All employees of the group are required to adhere to the Omnicom code of business conduct, ensuring we maintain high standards of business conduct at all times.

CPM United Kingdom Limited

Strategic Report for the year ended 31 December 2021

Principal risks and uncertainties

We believe that our business prospects continue to be good but remain dependent on a stable UK and global economy. We have a diverse client portfolio mix which continues to mitigate risk in the macro-economic environment and continue to review the impact on the business as economic conditions change.

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 flexible, cost effective 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. Providing an outstanding service to our clients and investing in market leading digital solutions continues to help us mitigate this risk.

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. Our continued focus on digitisation of our processes and the development of digital products serves to reduce our heavy reliance on people in the future.

Covid-19 has had limited impact on the business since Q1 2021, however, we are remaining vigilant and ready to adapt and respond to any future outbreaks.

Approved by the Board on 25 August 2022 and signed on its behalf by:



M.C.Ridler:Aug 25, 2022 16:26 GMT+1

.....
M. Ridler
Director

CPM United Kingdom Limited

Directors' Report for the year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company is the provision of client acquisition and retention services via physical and digital resources.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2021 (2020: £nil).

Director of the company

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

A. Buck

K. Jackson (ceased 22 December 2021)

A. Georgiou-Finch (ceased 15 February 2022)

P. Vaughan (ceased 22 February 2022)

The following directors were appointed after the year end:

M. Ridler (appointed 18 February 2022)

L. Butler (appointed 18 February 2022)

Political and charitable donations

During the year the Company made political donations of £nil (2020: £nil). Donations to charity amounted to £45,615 (2020: £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.

Engagement with suppliers, customers and other relationships

Delivering our strategy requires strong mutually beneficial relationships with suppliers, clients and others. The directors continuously seek to act with regard to building and maintaining such relationships. The effects on resulting engagements and long term relationships with these parties are key considerations in focus as the directors reach decisions.

Approved by the Board on 25 August 2022 and signed on its behalf by:



M. Ridler
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

CPM United Kingdom Limited

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

The directors acknowledge their responsibilities for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

CPM United Kingdom Limited

Profit and Loss Account for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	2	59,917,291	56,585,877
Direct costs		<u>(45,867,358)</u>	<u>(43,895,847)</u>
Gross profit		14,049,933	12,690,030
Administrative expenses		(20,298,140)	(16,566,581)
Other operating income		<u>547,429</u>	<u>4,529,927</u>
Operating (loss)/profit	3	(5,700,778)	653,376
Provision for impairment of investments		3,495,084	(6,395,711)
Other interest receivable and similar income		-	138
Interest payable and similar expenses	6	<u>(66,130)</u>	<u>(81,188)</u>
Loss before taxation		(2,271,824)	(5,823,385)
Tax on profit	7	<u>1,018,869</u>	<u>(308,056)</u>
Profit for the financial year		<u><u>(1,252,955)</u></u>	<u><u>(6,131,441)</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. Consequently, a statement of comprehensive income has not been prepared.

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

CPM United Kingdom Limited
(Registration number: 1757157)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	8	173,814	388,348
Tangible assets	9	4,153,486	4,436,454
Investments	10	13,676,648	10,181,564
		<u>18,003,948</u>	<u>15,006,366</u>
Current assets			
Debtors (including £897,769 (2020: £204,890) due after more than one year)	11	24,476,498	28,319,146
Cash at bank and in hand		200	-
		<u>24,476,698</u>	<u>28,319,146</u>
Creditors: Amounts falling due within one year	12	(26,647,933)	(26,177,144)
Net current (liabilities)/assets		<u>(2,171,235)</u>	<u>2,142,002</u>
Total assets less current liabilities		15,832,713	17,148,368
Creditors: Amounts falling due after more than one year	12	(351,083)	(413,783)
Net assets		<u>15,481,630</u>	<u>16,734,585</u>
Capital and reserves			
Called up share capital	13	167,301	167,301
Capital contribution reserve		14,677,965	14,677,965
Retained earnings		636,364	1,889,319
Total equity		<u>15,481,630</u>	<u>16,734,585</u>

For the year ending 31 December 2021 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 25 August 2022 and signed on its behalf by:

M.C. Ridler

M.C. Ridler, A. 25. 2022 15:06 GMT+1

M. Ridler

Director

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

CPM United Kingdom Limited

Statement of Changes in Equity for the year ended 31 December 2021

	Share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2021	167,301	14,677,965	1,889,319	16,734,585
Loss for the year	-	-	(1,252,955)	(1,252,955)
Total comprehensive income	-	-	(1,252,955)	(1,252,955)
At 31 December 2021	167,301	14,677,965	636,364	15,481,630

	Share capital £	Capital Contribution reserve £	Retained earnings £	Total £
At 1 January 2020	167,301	14,677,965	8,020,760	22,866,026
Loss for the year	-	-	(6,131,441)	(6,131,441)
Total comprehensive income	-	-	(6,131,441)	(6,131,441)
At 31 December 2020	167,301	14,677,965	1,889,319	16,734,585

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

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

The company is a private company limited by share capital incorporated, domiciled and registered in England in the 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.

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

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

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

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

Going concern

The Company has net current liabilities of £2,171,235 at 31 December 2021 (2020: net current assets £2,142,002). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate as the directors consider that the Company will have access to sufficient funding to meet its needs for the reasons set out below.

The Company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited/Omnicom Financial Services Limited, the group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited/Omnicom Financial Services Limited or by Omnicom Finance Limited/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 and includes a period of at least 12 months from the date of approval of these financial statements.

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

The directors consider the combination of the group facilities and expected funding requirements of the Omnicom Group Inc. and its subsidiaries provides sufficient access to funding to ensure that the Company is able to meet its liabilities as they fall due for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to that it will not do so. Accordingly, the directors have prepared the financial statements as a going concern.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 billable 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.

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

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.

Foreign currency transactions and balances

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

Tax

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

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

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

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

Fixed assets and depreciation

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

Asset class	Depreciation method and rate
Land and Buildings	2% per annum
Leasehold improvements	10-33% per annum
Office equipment	10-33% per annum
Furniture, fittings and equipment	10-33% per annum

Intangible assets

Separately acquired concessions, patents, licences, trademarks and similar rights are stated in the balance sheet at cost less accumulated amortisation and impairment.

Amortisation

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

Asset class	Amortisation method and rate
Patents, trademarks, licences, concessions and similar	4-10 Years

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

Investments in Group Undertakings

Fixed asset investments in the parent company financial statements are stated at historical cost less provision for impairment. Where the directors consider that a previous impairment provision is no longer appropriate, the impairment is reversed.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Assets held under finance leases, which are leases where substantially all of the risks and rewards of ownership of the asset have passed to the company, are capitalised on the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future obligations are included as liabilities in the balance sheet. The interest of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayment.

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.

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

Defined contribution pension obligation

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

Trade and other debtors

Trade and other debtors are amounts due from customers for services performed in the ordinary course of business.

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

Trade and other creditors

Trade and other 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 and other creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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.

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading "Other operating income".

2 Turnover

The whole of the Company's turnover and operating profit for the year related to its principal activity. The analysis of the Company's turnover by geographic destination and segment is as follows:

	2021	2020
	£	£
UK	58,786,216	53,915,984
Europe	950,704	2,312,459
Americas	104,840	357,434
Rest of the World	75,531	-
Total	<u>59,917,291</u>	<u>56,585,877</u>

	2021	2020
	£	£
Field Marketing	54,301,952	46,797,479
Telemarketing	5,615,339	9,788,398
Total	<u>59,917,291</u>	<u>56,585,877</u>

3 Operating loss

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	451,474	426,263
Amortisation of concessions	214,534	649,249
Foreign exchange gains/losses	76,416	55,467
Hire of plant and machinery - rentals payable	61,768	62,790
Operating lease expense - property	106,447	269,383
Rental income	<u>(52,500)</u>	<u>-</u>

Included in operating profit are Government Grants of £nil received from the Coronavirus Job Retention Scheme (2020: £3,985,216).

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

4 Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	797,820	696,909
Company contributions to money purchase pension schemes	94,474	83,268
	<u>892,294</u>	<u>780,177</u>

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

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>4</u>

In respect of the highest paid director

	2021	2020
	£	£
Remuneration	260,838	214,830
Company contributions to money purchase pension schemes	<u>29,539</u>	<u>19,260</u>

5 Staff costs

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

	2021	2020
	£	£
Wages and salaries	11,703,907	9,528,468
Share related awards	-	2,846
Social security costs	1,328,837	1,152,351
Pension and other post-employment benefit costs	809,805	723,327
Severance/loss of office	<u>2,920,318</u>	<u>374,278</u>
	<u>16,762,867</u>	<u>11,781,270</u>

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

	2021	2020
	No.	No.
Administration and support	<u>439</u>	<u>407</u>

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

6 Interest payable and similar expenses

	2021 £	2020 £
Payable to group undertakings	37,071	60,626
Other interest payable	123	-
Finance charges payable in respect of finance leases and hire purchase contracts	<u>28,936</u>	<u>20,562</u>
	<u><u>66,130</u></u>	<u><u>81,188</u></u>

7 Taxation

Tax charged in the profit and loss account

	2021 £	2020 £
Current taxation		
Current tax on income for the period	(333,790)	262,855
Adjustments in respect of previous periods	<u>7,800</u>	<u>135,409</u>
	<u><u>(325,990)</u></u>	<u><u>398,264</u></u>
Deferred taxation		
Origination and reversal of timing differences	(731,556)	(122,045)
Effect of increased/decreased tax rate on opening liability	(47,489)	(22,540)
Adjustment in respect of previous periods	<u>86,166</u>	<u>54,377</u>
Total deferred taxation	<u><u>(692,879)</u></u>	<u><u>(90,208)</u></u>
Tax (income)/expense in the profit and loss account	<u><u>(1,018,869)</u></u>	<u><u>308,056</u></u>

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Loss before tax	<u>(2,271,824)</u>	<u>(5,823,385)</u>
Corporation tax at standard rate	(431,647)	(1,106,443)
Effect of expense not deductible in determining taxable profit (tax loss)	(633,700)	1,247,253
Deferred tax credit relating to changes in tax rates or laws	(47,489)	(22,540)
Deferred tax expense from unrecognised temporary difference from a prior period	86,167	54,377
Increase in UK and foreign current tax from adjustment for prior periods	<u>7,800</u>	<u>135,409</u>
Total tax (credit)/charge	<u>(1,018,869)</u>	<u>308,056</u>

A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 December 2021 has been calculated at 25% (2020: 19%).

Deferred tax

Deferred tax assets and liabilities

2021	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	235,467
Other timing differences	<u>662,302</u>
	<u>897,769</u>
2020	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	197,811
Other timing differences	<u>7,079</u>
	<u>204,890</u>

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

8 Intangible assets

	Concessions, patents, licenses, trademarks and similar rights and assets £	Total £
Cost or valuation		
At 1 January 2021	<u>3,122,216</u>	<u>3,122,216</u>
At 31 December 2021	<u>3,122,216</u>	<u>3,122,216</u>
Amortisation		
At 1 January 2021	2,733,868	2,733,868
Amortisation charge	<u>214,534</u>	<u>214,534</u>
At 31 December 2021	<u>2,948,402</u>	<u>2,948,402</u>
Carrying amount		
At 31 December 2021	<u>173,814</u>	<u>173,814</u>
At 31 December 2020	<u>388,348</u>	<u>388,348</u>

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

9 Tangible fixed assets

Cost or valuation	Land and buildings £	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
At 1 January 2021	7,112,935	17,034	1,411,316	664,500	9,205,785
Additions	-	-	148,302	20,203	168,505
Disposals	-	-	(305,460)	-	(305,460)
At 31 December 2021	7,112,935	17,034	1,254,158	684,703	9,068,830
Depreciation					
At 1 January 2021	3,656,331	17,034	667,840	428,126	4,769,331
Charge for the year	151,180	-	266,698	33,596	451,474
Disposal	-	-	(305,461)	-	(305,461)
At 31 December 2021	3,807,511	17,034	629,077	461,722	4,915,344
Carrying amount					
At 31 December 2021	3,305,424	-	625,081	222,981	4,153,486
At 31 December 2020	3,456,604	-	743,476	236,374	4,436,454

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021 £	2020 £
Furniture, fittings and equipment	<u>542,417</u>	<u>473,785</u>

10 Fixed Asset Investments

	Shares in group undertakings £	Total £
Cost		
At 1 January 2021	<u>16,577,275</u>	<u>16,577,275</u>
At 31 December 2021	<u>16,577,275</u>	<u>16,577,275</u>
Provision		
At 1 January 2021	6,395,711	6,395,711
Released in the year	<u>(3,495,084)</u>	<u>(3,495,084)</u>
At 31 December 2021	<u>2,900,627</u>	<u>2,900,627</u>
Carrying amount		
At 31 December 2021	<u>13,676,648</u>	<u>13,676,648</u>
At 31 December 2020	<u>10,181,564</u>	<u>10,181,564</u>

During the year management performed an impairment review of fixed asset investments by comparing the carry value of the investments to the net present value of the discounted cash flows, using the Omnicom Discounted Cash Flow Model, using a pre-tax WACC rate of 10% (2020: 10.6%). The cash flow projections are based on conditions as at 31 December 2021 and are estimated based on the plan for 2022 and for the years 2023-2026 assume a growth rate for each year of between 2.5% and 10.0% which reflects management's conservative estimate of the medium term operating performance. The terminal value is calculated using a perpetuity model which assumes a long term growth rate of between 1.8% which reflects the long term GDP growth forecasts for the region and industry. This demonstrated that a decrease to the impairment provision of £3,495,084 was required.

Details of the investments in which the Company holds 20% or more of the nominal shares of any class of share capital are shown in the note at the end of these financial statements.

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

11 Debtors

	Note	2021 £	2020 £
Trade and other debtors		6,658,034	10,242,597
Amounts owed by group undertakings - trading balances		3,333,286	1,956,907
Amounts owed by group undertakings - loans and advances		8,814,250	7,379,949
Other debtors		322,586	415,101
Deferred tax assets	7	897,769	204,890
Prepayments and accrued income		<u>4,450,573</u>	<u>8,119,702</u>
		<u>24,476,498</u>	<u>28,319,146</u>

The Company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited/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 Limited/Omnicom Financial Services Limited or by Omnicom Finance Limited/Omnicom Financial Services Limited depositing cash with the Company. Included in the amounts owed by group undertakings - loans and advances is £8,814,250 (2020:£7,379,949) representing amounts owed to the company under these arrangements.

12 Creditors

	2021 £	2020 £
Due within one year		
Obligations under finance lease and hire purchase contracts	203,602	230,556
Trade and other creditors	1,416,716	78,178
Amounts owed to group undertakings - trading balances	4,574,583	5,533,344
Amounts owed to group undertakings - loans and advances	3,657	8,608
Taxation and social security	2,219,685	7,258,051
Accruals and deferred income	<u>18,229,690</u>	<u>13,068,407</u>
	<u>26,647,933</u>	<u>26,177,144</u>
Due after one year		
Obligations under finance lease and hire purchase contracts	<u>351,083</u>	<u>413,783</u>

CPM United Kingdom Limited

Notes to the Financial Statements for the year ended 31 December 2021

13 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary Shares of £0.05 each	3,346,020	167,301	3,346,020	167,301

14 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £809,805 (2020 - £723,327).

15 Commitments

Operating leases

The total future minimum lease commitment is as follows:

	2021	2020
	£	£
Not later than one year	137,433	140,133
Later than one year and not later than five years	695,848	943,755
	<u>833,281</u>	<u>1,083,888</u>

16 Related party transactions

Summary of transactions with subsidiaries

At 31 December 2021, the Company's ultimate parent undertaking was Omnicom Group Inc. The shareholders of the Company have interest directly or indirectly in certain other companies which are considered to give rise to related party disclosures under FRS 102 Section 33.

As a 100% owned indirect subsidiary of Omnicom Group Inc, the Company has taken advantage of the exemption under FRS102 Section 33.1A: Related Party Disclosures, which enable it to exclude disclosure of transactions with Omnicom Group Inc and its wholly owned subsidiaries.

17 Parent and ultimate parent undertaking

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

These Financial Statements are available upon request from Omnicom Group Inc.'s registered address, 280 Park Avenue, New York, NY 10017, United States.

The Company is consolidated into DAS UK Investments Limited 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 2021

18 Details of undertaking

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

Undertaking	Company number	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity	Registered address
Subsidiary undertakings						
Counter Products Marketing (Ireland) Limited (*)	116133	Ireland	Ordinary	100	Merchandising	Penthouse Suite, Block C, Cookstown Court, Cookstown Industrial Estate, Dublin 24 Ireland
Contract Personnel Limited	102618	Ireland	Ordinary	100	Field Marketing	Penthouse Suite, Block C, Cookstown Court, Cookstown Industrial Estate, Dublin 24, Ireland
TRO Group Limited (*)	2361809	England	Ordinary	100	Experiential and marketing communications	Bankside 3, 90-100 Southwark Street, London, SE1 0SW, England

(*) Direct subsidiaries of CPM United Kingdom Limited