

FCB Europe Limited

● Directors' Report, Strategic Report and
Financial Statements

Year ended 31 December 2016

Registered Number: 3007253

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FCB Europe Limited

Strategic Report for the year ended 31 December 2016

The directors present their strategic report of FCB Europe Limited (the "Company"), registered number 3007253 for the year ended 31 December 2016.

Principal activities and review of the business

The Company's principal activity during the year was that of an investment holding company. Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for the understanding of the development, performance or position of the business.

The Company's profit for the year is £8,969,000 (2015: loss of £46,000). The directors consider that the result for the year is in line with expectations. The Company had net assets of £842,000 as at 31 December 2016 (2015: net liabilities of £128,000).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of The Interpublic Group of Companies, Inc. and are not managed separately. These risks are discussed in The Interpublic Group of Companies, Inc. annual financial statements for the year ended 31 December 2016, which does not form part of this report. Copies of The Interpublic Group of Companies, Inc. consolidated financial statements can be obtained from:

The Interpublic Group of Companies, Inc.
909 Third Avenue
New York, NY 10022 U.S.A.

On behalf of the Board



W Kay
Director

16 June 2017

FCB Europe Limited

Directors' Report for the year ended 31 December 2016

The directors present their report and the financial statements of FCB Europe Limited (the "Company") registered number 3007253 for the year ended 31 December 2016.

Future developments

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

Dividends

On 12th July 2016 the Company received a dividend of £9,000,000 from its subsidiary R/GA Media Group Limited.

On 12th July 2016 the Company paid a dividend to its shareholder, IPG Holdings (UK) Limited to the value of £8,000,000.

Directors

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

W Kay

D Coleman

Events post statement of financial position

No material events post statement of financial position have occurred.

FCB Europe Limited

Directors' Report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities

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

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

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

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

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

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2016 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

Audit exemption

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

- a) that for the year ended 31 December 2016 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- b) that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

On behalf of the Board



W Kay

Director

16 June 2017

FCB Europe Limited

Statement of comprehensive income

For the year ended 31 December 2016

		2016	2015
	Note	£000's	£000's
Interest payable and similar charges	4	(31)	(46)
Dividends received		9,000	-
Profit(loss) on ordinary activities before taxation		8,969	(46)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) and total comprehensive profit/(loss) for the financial year		8,969	(46)

All operations are continuing.

Statement of financial position
As at 31 December 2016

	Note	2016 £000's	2015 £000's
Fixed assets			
Investments in subsidiaries	6	3,954	3,954
Creditors: amounts falling due within one year	7	(3,113)	(4,082)
Net liabilities		(841)	(128)
Capital and reserves			
Called up share capital	8	1	1
Share premium account		349	349
Retained earnings		491	(478)
Total equity		841	(128)

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

- that for the year ended 31 December 2016 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2016 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

The notes on pages 7 to 10 are an integral part of these financial statements.

The financial statements on pages 4 to 10 were authorised for issue by the board of directors on 16 June 2017 and were signed on its behalf.



W Kay
Director
FCB Europe Limited
Registered No. 3007253

**Statement of changes in equity
for the year ended 31 December 2016**

	Called up share capital	Share premium account	Retained earnings	Total Equity
	£000's	£000's	£000's	£000's
At 1 January 2015	1	349	(432)	(82)
(Loss) for the financial year and total comprehensive (loss)	-	-	(46)	(46)
At 31 December 2015 and 1 January 2016	1	349	(478)	(128)
Profit for the financial year and total comprehensive profit	-	-	8,969	8,969
Dividends paid			(8,000)	(8,000)
Total transactions with owners, recognised directly in equity	-	-	(8,000)	(8,000)
At 31 December 2016	1	349	491	841

On 12th July the Company paid a dividend of £8,000,000 to its shareholder, IPG Holdings (UK) Limited.

Notes to the financial statements for the year ended 31 December 2016

1 General information

The Company's principal activity during the year was that of an investment holding company.

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

2 Statement of compliance

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

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

a) Basis of preparation

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

b) Going concern

At as 31 Dec 2016, the Company has net assets of £841,000. (2015: net liabilities of £128,000). These financial statements are prepared on the going concern basis as The Interpublic Group of Companies, Inc. has confirmed in writing its intention to continue to support the Company for a period of not less than one year from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

c) Exemptions for qualifying entities under FRS 102

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

d) Consolidated financial statements

The Company is a wholly owned subsidiary of IPG Holdings (UK) Limited and of its ultimate parent, The Interpublic Group of Companies, Inc. and its results are included in the consolidated financial statements of The Interpublic Group of Companies, Inc. which are publicly available. Therefore the directors have concluded that the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the Company's separate financial statements.

3 Summary of significant accounting policies (continued)

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

e) Share capital

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

4 Interest payable and similar charges

	2016 £000's	2015 £000's
Interest payable on bank overdrafts	31	46

5 Tax on profit/(loss) on ordinary activities

Factors affecting the tax charge for the year

The tax assessed for the year is lower (2015 = lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The difference is explained below:

	2016 £000's	2015 £000's
Profit/(loss) on ordinary activities before taxation	8,969	(46)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	1,794	(9)
Effects of:		
Income exempt from corporation tax	(1,800)	
Group relief for nil consideration	6	9
Total tax for the year	-	-

A reduction in the rate of UK corporation tax from 21% to 20% took effect from 1 April 2015. Further reductions in the main rate of UK corporation tax to 19% from 1 April 2017, and then to 17% from 1 April 2020 were substantively enacted.

6 Investments

Investment in subsidiaries:	£'000
At 31 December 2015	
Cost	19,955
Accumulated provision for impairment	(16,001)
Net book value	3,954

Cost	
At 1 January 2016 and 31 December 2016	19,955

Provision for impairment:	
At 1 January 2016 and 31 December 2016	(16,001)

Net book value at 31 December 2016	3,954
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Impairment in carrying value

No impairment indicator was identified by management and the directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company had the following investments as at 31 December 2016.

Name	Co. No. / Country	Registered Office	Share Class(es)	Share Class % Held
FCB Inferno Limited	2586852	31 Great Queen Street, London, WC2B 5AE	Ord £1	100
R/GA Media Group Limited	2366324	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Hustle Digital Limited	9301204	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
FCB Zurich GmbH	Switzerland	Heinrichstrasse 267, 8005, Zurich, Switzerland	Ord €1	100

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Creditors: amounts falling due within one year

	2016 £000's	2015 £000's
Bank loans and overdraft	3,113	4,082
	<u>3,113</u>	<u>4,082</u>

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

8 Called up share capital

	2016 Number (000's)	2015 Number (000's)	2016 £000's	2015 £000's
Allotted and fully paid:				
Ordinary shares of £1 each	1	1	1	1

9 Company information

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

10 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Interpublic Group Holdings (UK) Limited, a company registered in England and Wales. Copies of its financial statements are available at 3 Grosvenor Gardens, London, SW1W 0BD.

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

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2016. The consolidated financial statements for The Interpublic Group of Companies, Inc. can be obtained from 909 Third Avenue, New York, New York 10022.