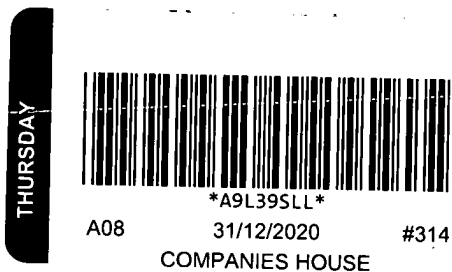


Registration number: 4332188

TBWA UK Group Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2019



TBWA UK Group Ltd

Contents

Strategic Report	1 to 7
Directors' Report	8 to 9
Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' report and the Financial Statements	10
Independent Auditor's Report to the Members of TBWA UK Group Ltd	11 to 13
Consolidated Profit and Loss Account	14
Consolidated Balance Sheet	15
Balance Sheet	16
Consolidated Statement of Changes in Equity	17
Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19 to 20
Notes to the Financial Statements	21 to 48

TBWA UK Group Ltd

Strategic Report for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

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).

Business Reorganisation

On 1st April 2019, 100 membership units in Lucky Generals New York LLC were transferred to LG\TBWA Ltd, a subsidiary of TBWA UK Group Ltd, for a consideration of \$100 from Omnicom Group Inc.

On 12th February 2020, TBWA Ltd, registered company 1367372 changed its name to Experience Worldwide Ltd, and then on 16th June 2020 Experience Worldwide Ltd, registered company 1367372 changed its name again to Designory UK Ltd.

On 25th June 2020, TBWA UK Group Ltd made a capital contribution of £150,000 to its subsidiary TBWA\MCR Ltd.

On 30th June the share capital of TBWA\MCR Ltd was sold to the Management team of TBWA\MCR Ltd for a consideration of £55,000. The net liabilities were written off in 2020 and a loss on disposal has been recorded in of £(373,275).

COVID-19

In December 2019, a novel strain of coronavirus disease (COVID-19) was reported in China and since then, COVID-19 has spread globally. The ongoing COVID-19 outbreak has resulted in many countries around the world imposing lock downs, quarantines, restrictions on travel and mass gatherings, including the cancellation of trade shows and other events, and the extended shut down of non-essential businesses that cannot be conducted remotely.

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of severe scenarios have been reviewed. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions and regulations, along with our proposed responses over the course of the next 18 months.

These assumptions include a range of estimated impacts primarily based on the length of time various levels of restrictions are in place and the severity of the consequent impact of those restrictions.

The Company has successfully enabled all of its employees to work remotely in compliance with relevant government advice. There have been no material operational issues with remote working. When the Company's offices re-open the Company will ensure it has implemented additional health and safety measures at that time in each location to reduce the risk of a major health disruption to any employees working from those locations.

Under each scenario, mitigating actions are all within management control, and can be initiated as they relate to discretionary spend, and do not impact the ability to meet client's expectations. These actions include stopping all non-essential and non-committed costs in the next 18 months if required.

TBWA UK Group Ltd

Strategic Report for the year ended 31 December 2019

The Directors' have assumed no significant structural changes to the business will be needed in any of the scenarios modelled.

On the basis of the above reviews, the directors consider it is appropriate for the going concern basis to be adopted in preparing the financial statements.

Fair review of the business

A strong financial performance was maintained in 2019 as indicated by a stable operating profit margin excluding amortisation and impairment of goodwill of 8.5% (2018: 9.77%). Turnover growth increased by 15.48% in 2019.

Discretionary reductions in advertising, marketing and corporate communications services spending by clients are still prevalent so the Group continues to manage its cost base to maintain gross profit.

At the end of the year the Group had net current assets of £27,307,934 (2018 restated: £23,133,783). The directors consider that the Group has access to sufficient funding to meet its needs for the reasons set out in note 1 to the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

The key performance indicators reviewed focus on turnover, operating profit margin and administrative expenses excluding goodwill amortisation.

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

Staff costs are primarily comprised of employee compensation and related costs including freelance compensation and direct service costs. As the Group is a service business, these costs are monitored on a percentage of turnover basis. Staff costs tend to fluctuate in conjunction with changes in turnover, whereas administrative expenses, which are not directly related to servicing clients, tend to decrease as a percentage of turnover as turnover increases because a significant portion of these expenses are relatively fixed in nature. During 2019, staff costs as a percentage of turnover were 62.12%, a slight decrease from 2018 of 63.32%

Office and administrative expenses are primarily comprised of rent and occupancy costs, technology related costs and depreciation and lease costs. During the year office and administration expenses excluding goodwill amortisation and impairment increased as a percentage of turnover at 29% compared to 26% in 2018.

	Unit	2019	2018
Staff costs as a % of turnover	%	62.12	63.32
Office and admin expenses (excluding goodwill amortisation) as % of turnover	%	29.00	26.00
Operating margin (excluding goodwill amortisation and impairment)	%	8.50	9.77

TBWA UK Group Ltd

Strategic Report for the year ended 31 December 2019

Principal risks and uncertainties

The business environment in which we participate is highly competitive. Key competitive considerations for keeping existing business and winning new business include the ability to develop creative solutions that meet client needs, the quality and effectiveness of the services offered, and the ability to efficiently serve clients, particularly large international clients, on a broad geographic basis. While many of the client relationships are long-standing, companies put their advertising, marketing and corporate communication service business up for competitive review from time to time. Accounts have been won and lost in the past as a result of these reviews. To the extent that the business is not able to remain competitive, turnover may be adversely affected, which could then affect the results of operations and financial position.

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

In addition, key personnel could be lost or may not be attracted to the business. Employees are our most important assets. The ability to retain key personnel is an important aspect of our competitiveness. A continuing ability to attract and retain those employees is important to the business and if the business is unable to do so, the ability to provide services in the manner that our clients have come to expect may be adversely affected, which could harm our reputation and result in a loss of clients and which could have a material adverse effect on results of operations and financial position.

Government agencies and consumer groups have directly or indirectly from time to time affected or attempted to affect the scope, content and manner of presentation of advertising, marketing and corporate communications services, through regulations or other governmental action. Any such limitations on the scope of the content of services could affect the ability to meet client's needs. In addition, there has been an increasing tendency on the part of businesses to resort to the judicial system to challenge advertising practices. Such claims by businesses or governmental agencies could have a material adverse effect on results of operations and financial position in the future.

We rely on information technology systems and infrastructure to process transactions, summarise results and manage our business, including maintaining client marketing and advertising information. Our information technology systems are potentially vulnerable to system failures and network disruptions, malicious intrusion and random attack. Likewise, data security incidents and breaches by employees and others with or without permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorised persons or to the public. Additionally, we utilise third parties, including cloud providers, to store, transfer or process data. While we have taken what we believe are prudent measures to protect our data and information technology systems, there can be no absolute assurance that our efforts will prevent system failures or network disruptions or breaches in our systems, or in systems of third parties we use, that could adversely effect our reputation or business.

TBWA UK Group Ltd

Strategic Report for the year ended 31 December 2019

Global economic conditions have a direct impact on our business and financial performance. In particular, current global economic conditions pose a risk that our clients may reduce future spending on advertising and marketing services which could reduce the demand for our services. If domestic or global economic conditions worsen or do not improve, our results of operations and financial position could be adversely affected. We will continue to closely monitor economic conditions, client turnover levels and other factors and, in response to reductions in our client turnover, if necessary, we will take actions available to us to align our cost structure and manage working capital. There can be no assurance whether, or to what extent, our efforts to mitigate any impact of future economic conditions, reductions in our client turnover, changes in client creditworthiness and other developments will be effective.

Global economic uncertainty, turmoil in the credit markets or a contraction in the availability of credit may make it more difficult for businesses, including us, to meet their working capital requirements and could lead clients to seek to change their financial relationship with their vendors including us. This could cause our clients to reduce spending on our services, delay the payment for our services or take additional actions that would negatively affect our working capital. We may need to obtain additional financing to fund our day-to-day working capital requirements in such circumstance. There is no assurance that such additional financing would be available on favourable terms, if at all. Such circumstances could have a material effect on our results of operations and financial position.

Government or legislative action may limit the tax deductibility of advertising expenditures by certain industries or for certain products or services. These actions could cause our clients affected by such actions to reduce their spending on our services which could have a material adverse effect on our results of operations and financial position. Further laws and regulations, related to user privacy, use of personal information and internet tracking technologies have been proposed or enacted in the United States and certain international markets. These laws and regulations could affect the acceptance of new communications technologies and the use of current communications as advertising mediums. These actions could affect our business and reduce demand for certain services, which could have a material adverse effect on our results of operations and financial position.

The vote to leave the EU and subsequent triggering of article 50 has brought about uncertainty affecting economic outlook in all sectors of the UK economy. At this stage of the leave process it is unclear what will be negotiated between the EU and the UK government and to what extent it will affect both economies. There has been no material adverse impact of Brexit to the Company to date, and due to the diversity of businesses in which the Group holds investments in and markets in which it operates, the directors do not believe there will be a significant impact. However, the Group will continue to monitor the medium to long term impact of the referendum on business activities.

There has been no material adverse impact of Brexit to the Company to date.

TBWA UK Group Ltd

Strategic Report for the year ended 31 December 2019

Corporate Governance for Large companies within TBWA UK Group Limited provides a framework for the Company to not only demonstrate how the Directors makes decisions for the long-term success of the Company and its stakeholders, but also has regard to how the Directors ensures the Company complies with the requirements of Section 172 of the Companies Act 2016.

The Directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, matters that would be most likely to promote the success of the Company for the benefit of its member, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term
- Interests of the Company's employees
- Need to foster the Company's business relationships with suppliers, customers and others
- Impact of the Company's operations on the community and the environment
- Desirability of the Company maintaining a reputation for high standards of business conduct
- Need to act fairly between members of the Company

The Directors' regard to these matters is embedded in their decision-making process, through the Company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

The Company's business strategy is focused on achieving success for the Company in the long-term. When setting this strategy, the Board considers the impact of relevant factors and stakeholder interests on the Company's performance. The Board also identifies principal risks facing the business and sets risk management objectives.

The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The Board ensures these core values are communicated to the Company's employees and embedded in the Company's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

The Board recognises that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate a sustainable business.

The Directors are supported in the discharge of their duties by:

- Training to further their understanding of their duties and obligations under applicable law and regulation.
- Processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the Company's business areas, its risk and control functions, support teams and committees of the Board.

Stakeholders

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company.

TBWA UK Group Ltd

Strategic Report for the year ended 31 December 2019

The Board and management teams of each subsidiary (“Management”) regularly discusses issues concerning employees, clients, suppliers, community and environment, regulators and its shareholder, which it considers in its discussions and in its decision-making process.

In addition to this, the Management seeks to understand the interests and views of the Company’s stakeholders by engaging with them directly when required.

The below summarises the key stakeholders and how we engage with each:

Employees

Our employees contribute to a positive working culture and healthy working environment. Employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team’s productivity and our individual employees’ potential within the business. We continually invest in employee development and welfare to create and encourage an inclusive culture within the organisation. Our employee appraisal programme encourages employee feedback and facilitates the opportunity for both employees and managers to set performance goals on an annual basis. Our culture invites different perspectives, new ideas and opportunities for growth. We work hard to ensure employees feel welcome and are valued and recognized for their hard work. Employees have access to a range of global and regional resource groups that offer rich connection points for networking and community engagement.

Clients

Clients are at the centre of our business. Our client service teams build lasting relationships with current and potential clients to understand their objectives and requirements. We are in regular contact with clients in order to meet their defined reporting and service requirements. This includes attending monthly and quarterly update calls, as well as face to face meetings depending on client preferences. We regularly host and engage in webinars for clients. We have implemented a governance framework for the oversight of the provision of the Company’s services to our clients. We take a consultative approach with clients focused on building long-term relationships and solving their investment challenges.

Suppliers

We work with a wide range of suppliers both in the UK and globally. We remain committed to being fair and transparent in our dealings with all of our suppliers. The Company has procedures requiring due diligence of suppliers as to their internal governance, including for example, their anti-bribery and corruption practices, data protection policies and modern slavery matters. The Company has systems and processes in place to ensure suppliers are paid in a timely manner.

Community and Environment

Management’s approach to social responsibility, Diversity & the community is of high importance. At TBWA we strive to create sustainable value and help investors seek more meaningful returns. Corporate social responsibility principles are part of our culture and decision-making process. We take a consultative approach focused on building long-term relationships and solving business problems. Diversity and Inclusion is a key pillar for TBWA Management and we have supported various events in 2019 including ‘International Women’s Day’ and ‘Black History Month.’ The Board continues to commit and broaden the Company’s work and associations with local charitable organisations, in particular involving local schools, mentoring programmes and homeless projects.

TBWA UK Group Ltd

Strategic Report for the year ended 31 December 2019

Regulators

We work with our regulators in an open and proactive manner to help develop regulations that meet the needs of all our stakeholders. Management's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards and good governance expected of a business like ours. In doing so, we believe we will achieve our long-term business strategy and further develop our reputation in our sector. We have a risk and control framework to ensure that the Company complies with all legal and regulatory requirements relating to the provision of products and services to our clients.

Shareholders

The Board also seeks to behave in a responsible manner towards our one shareholder. The Board communicates information relevant to its shareholder, such as its financial reporting.

Approved by the Board on 24 December 2020 and signed on its behalf by:



G. Smith
Director

TBWA UK Group Ltd

Directors' Report for the year ended 31 December 2019

The directors present their report and the for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is that of a holding Company for companies providing advertising and marketing services including healthcare advertising and consultancy, the provision of translation services, developing digital solutions, the provision of relationship marketing activities and providing a full service production facility. The holding company provides management and administration services to these subsidiaries.

On 17 May 2019, Company received a dividend from LG\TBWA Ltd of £995,585 in respect of the year ended 31 December 2019, (2018: £nil).

On 27 July 2020, Company received a dividend from LG\TBWA Ltd of £1,193,923 in respect of the year ended 31 December 2020.

2018 Consolidated Profit and Loss and Consolidated Balance sheet has been restated by £5,027,805 to eliminate the goodwill impairment incorrectly processed in 2018. PBT for 2018 has been restated from a loss of £3,835,769 to a profit of £1,192,036. Intangible assets for 2018 have been restated from £18,305,676 to £23,333,481, see note 19.

Dividends

The directors do not recommend the payment of a dividend in respect of the period ended 31 December 2019. (2018: £nil).

On 16 December 2020 the directors declared and paid a dividend in respect of the year ended 31 December 2020 of £23,000,000.

Directors of the Group

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

G. Smith

P. Brett

Political and charitable donations

During the year the Group made political donations of £nil (2018: £nil). Donations to charity amounted to £4,774 (2018: £9,349).

TBWA UK Group Ltd

Directors' Report for the year ended 31 December 2019

Employment of disabled persons

TBWA UK Group Ltd is committed to being an equal opportunities employer and opposes all forms of unlawful discrimination. Our objective is to have a diverse workforce.

The Group believes that individuals should be treated on their merits and that employment-related decisions should be based on objective job-related criteria such as aptitude and skills.

It is our policy that all employees should have equal opportunities for promotion and training. The Group trains and develops its staff in close relationship with various training organisations. The Group recognises the need to ensure effective communication with employees.


Senior management are regularly informed of group development in strategic, financial, commercial and personnel matters to enable them to inform and discuss these issues with employees as appropriate. The Group believes in promoting where possible from within the organisation on the basis of ability and merit.

Full and fair consideration is given to applications for employment of disabled persons, having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for the appropriate training, career development and promotion of disabled persons.

Disclosure of information to the auditor

Each director who held office at the date of approval of this directors' report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board on 24 December 2020 and signed on its behalf by:


.....
G. Smith
Director

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Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

TBWA UK Group Ltd

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' report and the Financial Statements

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 the Group and parent Company 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 Group and of the profit or loss of the Company for that period. In preparing each of the Group and parent Company 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 Group and parent 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 Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of TBWA UK Group Ltd

Opinion

We have audited the financial statements of TBWA UK Group Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements.

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

Independent Auditor's Report to the Members of TBWA UK Group Ltd

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report ;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' report and the Financial Statements (set out on page 10), the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

We have nothing to report in these respects.

Auditor's responsibilities for the audit of the financial statements

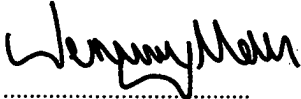
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of TBWA UK Group Ltd

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Jeremy Hall (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

24 December 2020

TBWA UK Group Ltd

Consolidated Profit and Loss Account for the year ended 31 December 2019

		2019	(As restated) 2018
	Note	£	£
Gross billings		130,261,010	98,152,391
Rebillable costs		<u>(56,677,643)</u>	<u>(34,434,735)</u>
Turnover	2	73,583,367	63,717,656
Direct costs		<u>(372,645)</u>	<u>(469,559)</u>
Gross profit		73,210,722	63,248,097
Administrative expenses		(70,929,681)	(60,871,659)
Other operating income		<u>255,973</u>	<u>94,850</u>
Operating profit	3	<u>2,537,014</u>	<u>2,471,288</u>
Other interest receivable and similar income	7	114,826	73,645
Gain/(loss) on disposal of fixed asset investments		-	(1)
Interest payable and similar expenses	8	<u>(296,254)</u>	<u>(149,953)</u>
		<u>(181,428)</u>	<u>(76,309)</u>
Profit before taxation		2,355,586	2,394,979
Tax on profit	9	<u>(1,026,091)</u>	<u>(1,202,943)</u>
Profit after taxation		<u>1,329,495</u>	<u>1,192,036</u>
Profit/(loss) attributable to:			
Owners of the Company		852,302	905,370
Non-controlling interests		<u>477,193</u>	<u>286,666</u>
		<u>1,329,495</u>	<u>1,192,036</u>

The results shown above are derived wholly from continuing operations. There were no recognised gains or losses in either the current or prior year except as shown above. Consequently, a statement of comprehensive income has not been prepared.

Refer to Note 20 for the restated figures.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

(Registration number: 4332188) Consolidated Balance Sheet as at 31 December 2019

	Note	2019 £	(As restated) 2018 £
Fixed assets			
Intangible assets	10	19,630,359	23,333,481
Tangible assets	11	<u>2,686,015</u>	<u>2,110,057</u>
		<u>22,316,374</u>	<u>25,443,538</u>
Current assets			
Stocks	13	5,337,197	8,139,866
Debtors	14	64,608,632	62,022,573
Cash at bank and in hand		<u>22,630</u>	<u>9,721</u>
		69,968,459	70,172,160
Creditors: Amounts falling due within one year	15	<u>(42,660,525)</u>	<u>(47,038,377)</u>
Net current assets		<u>27,307,934</u>	<u>23,133,783</u>
Total assets less current liabilities		49,624,308	48,577,321
Creditors: Amounts falling due after more than one year	15	(5,673,591)	(5,333,931)
Provisions for liabilities	16	<u>(920,859)</u>	<u>(960,175)</u>
Net assets		<u>43,029,858</u>	<u>42,283,215</u>
Capital and reserves			
Called up share capital	17	3	3
Capital contribution reserve		4,875,384	4,875,384
Retained earnings		<u>37,156,288</u>	<u>36,602,423</u>
Equity attributable to owners of the Company		42,031,675	41,477,810
Non-controlling interests		<u>998,183</u>	<u>805,405</u>
Total equity		<u>43,029,858</u>	<u>42,283,215</u>

Refer to Note 20 for the restated figures.

Approved and authorised by the Board on 24 December 2020 and signed on its behalf by:



.....
G. Smith
Director

The notes on pages 21 to 48 form an integral part of these financial statements.
Page 15

TBWA UK Group Ltd

**(Registration number: 4332188)
Company Balance Sheet as at 31 December 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets		979,199	455,135
Investments	12	<u>74,715,785</u>	<u>78,762,249</u>
		<u>75,694,984</u>	<u>79,217,384</u>
Current assets			
Stocks	13	2,148,315	4,042,270
Debtors	14	<u>29,704,070</u>	<u>24,294,310</u>
		31,852,385	28,336,580
Creditors: Amounts falling due within one year	15	<u>(24,557,545)</u>	<u>(27,057,517)</u>
Net current assets		<u>7,294,840</u>	<u>1,279,063</u>
Total assets less current liabilities		82,989,824	80,496,447
Creditors: Amounts falling due after more than one year	15	(668,741)	(495,369)
Provisions for liabilities	16	<u>(688,133)</u>	<u>(688,133)</u>
Net assets		<u>81,632,950</u>	<u>79,312,945</u>
Capital and reserves			
Called up share capital	17	3	3
Share premium account		7,436,095	7,436,095
Capital contribution reserve		4,875,384	4,875,384
Retained earnings		<u>69,321,468</u>	<u>67,001,463</u>
Total equity		<u>81,632,950</u>	<u>79,312,945</u>

The Company made a profit after tax for the financial year of £2,618,442 (2018 - loss of £3,312,561).

Approved and authorised by the Board on 24 December 2020 and signed on its behalf by:


.....

G. Smith
Director

TBWA UK Group Ltd

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Share capital £	Capital contribution reserve £	Retained earnings £	Equity attributable to the owners of the Company £	Non-controlling interests £	Total £
At 1 January 2019	3	4,875,384	36,602,423	41,477,810	805,405	42,283,215
Profit for the year	-	-	852,302	852,302	477,193	1,329,495
Total comprehensive income	-	-	852,302	852,302	477,193	1,329,495
Dividends	-	-	-	-	(284,415)	(284,415)
Share-based payments expense	-	-	(298,437)	(298,437)	-	(298,437)
At 31 December 2019	3	4,875,384	37,156,288	42,031,675	998,183	43,029,858

	Share capital £	Capital contribution reserve £	Retained earnings £	Equity attributable to the owners of the Company £	Non-controlling interest £	Total £
At 1 January 2018	3	4,875,384	35,960,815	40,836,202	732,495	41,568,697
Profit for the year (As restated)	-	-	905,370	905,370	286,666	1,192,036
Total comprehensive income	-	-	905,370	905,370	286,666	1,192,036
Non-controlling interest arising on acquisition	-	-	-	-	(213,756)	(213,756)
Share-based payments expense	-	-	(263,762)	(263,762)	-	(263,762)
At 31 December 2018 (As restated)	3	4,875,384	36,602,423	41,477,810	805,405	42,283,215

Refer to Note 20 for restated figure.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Statement of Changes in Equity for the year ended 31 December 2019

	Share capital £	Share premium £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2019	3	7,436,095	4,875,384	67,001,463	79,312,945
Profit for the year	-	-	-	2,618,442	2,618,442
Total comprehensive income	-	-	-	2,618,442	2,618,442
Share-based payments expense	-	-	-	(298,437)	(298,437)
At 31 December 2019	3	7,436,095	4,875,384	69,321,468	81,632,950
	Share capital £	Share premium £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2018	3	7,436,095	4,875,384	70,575,674	82,887,156
Loss for the year	-	-	-	(3,312,561)	(3,312,561)
Total comprehensive income	-	-	-	(3,312,561)	(3,312,561)
Share-based payments expense	-	-	-	(261,650)	(261,650)
At 31 December 2018	3	7,436,095	4,875,384	67,001,463	79,312,945

The notes on pages 21 to 48 form an integral part of these financial statements.
Page 18

TBWA UK Group Ltd

Consolidated Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 £	(As restated) 2018 £
Cash flows from operating activities			
Profit for the year		1,329,495	1,192,036
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	3	4,751,231	4,618,421
Profit on disposal of tangible assets		-	(1)
Loss from disposals of investments		-	1
Interest receivable and similar income	7	(114,826)	(73,645)
Interest payable and similar charges	8	296,254	149,953
Share based payment expenses		185,886	470,556
Income tax expense	9	1,026,091	1,202,943
Dilapidation provision		-	(94,850)
Deferred Tax Liability		(39,316)	-
(Increase)/decrease in Contingent Purchase Price Liability		<u>92,330</u>	<u>(532,983)</u>
		7,527,145	6,932,431
Working capital adjustments			
Decrease/(increase) in stocks	13	2,802,670	(4,269,546)
Decrease in trade debtors	14	7,089,151	15,881,484
Decrease in trade creditors	15	(8,540,336)	(14,728,678)
Decrease in provisions	16	<u>-</u>	<u>(681,500)</u>
Cash generated from operations		8,878,630	3,134,191
Income taxes paid	9	<u>(1,567,639)</u>	<u>(1,468,280)</u>
Net cash flow from operating activities		<u>7,310,991</u>	<u>1,665,911</u>
Cash flows from investing activities			
Interest received		114,826	73,645
Acquisitions of tangible assets		(1,370,032)	(990,676)
Proceeds from sale of tangible assets		4,163	96,907
Acquisition of intangible assets	10	<u>(258,198)</u>	<u>(3,805)</u>
Net cash flows from investing activities		<u>(1,509,241)</u>	<u>(823,929)</u>
Cash flows from financing activities			
Interest paid		(296,254)	(149,954)
Dividends paid		(284,415)	(213,756)
Loans to group undertakings		(5,617,219)	(1,553,169)
Long term liabilities - Capital Leases		<u>409,047</u>	<u>168,356</u>
Net cash flows from financing activities		<u>(5,788,841)</u>	<u>(1,748,523)</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Consolidated Statement of Cash Flows for the year ended 31 December 2019

		2019	(As restated)
	Note	£	2018
			£
Net increase/(decrease) in cash and cash equivalents		12,909	(906,541)
Cash and cash equivalents at 1 January		<u>9,721</u>	<u>916,262</u>
Cash and cash equivalents at 31 December		<u><u>22,630</u></u>	<u><u>9,721</u></u>

The notes on pages 21 to 48 form an integral part of these financial statements.
Page 20

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

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 and domiciled in United Kingdom.

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

The financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The Group has net current assets of £27,307,934 at 31 December 2019 (2018: £23,133,783). The directors consider that the Group 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 has net current assets of £7,294,840 at 31 December 2019 (2018: net current assets £1,279,063).

The Company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited and Omnicom Financial Services Limited, the Group's UK treasury operations, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited and Omnicom Financial Services Limited or by Omnicom Finance Limited and Omnicom Financial Services Limited depositing cash with the Company. The Company's access to borrowings under the cash concentration arrangement is not limited as long as these borrowings are required in the normal course of business and are made in accordance with the Omnicom Group Inc. Grant of Authority.

Omnicom Finance 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. Accordingly, the directors have prepared the financial statements as a going concern.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

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 for the parent company financial statements only:

- 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.

Going concern

The Group has net current assets of £27,307,934 at 31 December 2019 (2018: £23,133,783). The Company has net current assets of £7,294,840 at 31 December 2019 (2018: £1,279,063).

The directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out below. Accordingly, the directors have prepared the financial statements on a going concern basis.

The Company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited and Omnicom Financial Services Limited, the Group's UK treasury operations, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited and Omnicom Financial Services Limited or by Omnicom Finance Limited and Omnicom Financial Services Limited depositing cash with the Company. The Company's access to borrowings under the cash concentration arrangement is not limited as long as these borrowings are required in the normal course of business and are made in accordance with the Omnicom Group Inc. Grant of Authority.

Omnicom Finance 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. Accordingly, the directors have prepared the financial statements as a going concern.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

Rebillable costs

Rebillable costs comprise media payments and third party production costs for those services that the Company is arranging for its clients in its capacity as an intermediary. The Company contracts directly with suppliers and is responsible for their payment, recharging its clients for all costs incurred. Although the Company bears credit risk in respect of these activities, the arrangements with its clients are such that, in effect it acts as an intermediary on behalf of its client. Where the Company acts as an intermediary, costs incurred with external suppliers are excluded from turnover.

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.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets.

Asset class	Depreciation method and rate
Furniture, fittings and equipment	10%, 25% and 33% per annum
Motor Vehicles	25% per annum straight line basis
Leasehold Improvements	lower of asset life or life of lease on a straight line basis
Office equipment	33.33% per annum straight line basis

Stocks

Work in progress is stated at the lower of cost and net realisable value. Cost consists of direct expenses incurred on unbilled work. Net realisable value is based on estimated sales value less further costs to completion. Work in progress consists of amounts spent by the Company and its subsidiaries on behalf of its clients which have not been recharged to clients by the end of the year.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

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

Defined contribution pension obligation

The Group operates a defined contribution benefit scheme. The assets of the scheme are held separately from those of the Group 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

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2019.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

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
Goodwill	over 5-10 years on a straight line basis
Computer software	33.33% per annum straight line basis
Customer relationships	over 8 years on a straight line basis
Trade Name	over 10 years on a straight line basis

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

Key sources of estimation uncertainty

The cash flow projections assume a growth rate for each year and individual subsidiary which reflect management's estimate of the long term performance of the Group. The terminal value is calculated using a perpetuity model which assumes a long term growth rate which reflects the long term growth forecasts for the region and industry.

The Group acquired Lucky Generals Ltd and the newly formed TBWA\London Ltd in 2017. The contingent purchase price provision to be paid in 2022 was revalued during the year 2018. It has been reviewed in 2019 and no further revaluations are deemed necessary at this time. It is discounted to present value on acquisition using a discount rate of 2.11% based on adjusted US treasury yield curve rate. The provision is based on assumptions made regarding expected revenue growth rate in each year of 20% and growth in EBIT margin of 17.2% growing to 24%.

Impairment review of goodwill for all income generating units, set out in note 10 are conducted by comparing the net book value of each subsidiary to the net present value of the discounted cash flows, using the Omnicom discounted cash flow model.

The period before a steady or declining long-term growth rate that has been assumed is 10 years for Mother Tongue Ltd and Lucky Generals Ltd. All other goodwill held has been fully amortised at the year end. The carrying amount of goodwill is £19,630,359 (2018: £23,333,481).

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 comprise of 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Intangible assets

Trademarks and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Fixed asset investments

Investments in subsidiary undertakings are stated at historical cost less provision for any diminution in value.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

Trade debtors

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

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

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; 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.

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.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

2 Turnover

The whole of the Group's gross billings, turnover and operating profit for the year related to its principal activities, which consists of subsidiaries of the holding company TBWA UK Group Ltd. providing advertising and marketing services including healthcare advertising and consultancy, the provision of translation services, developing digital solutions, the provision of advertising marketing services and providing a full service production facility.

The analysis of the Group's turnover for the year from continuing operations for rendering of services is as follows:

	2019	2018
	£	£
UK	35,485,149	35,464,983
Europe	20,907,098	17,813,163
Rest of world	17,191,120	10,439,510
	<u>73,583,367</u>	<u>63,717,656</u>

3 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation on tangible fixed assets: owned	789,911	616,279
Amortisation of concessions	218,376	218,376
Amortisation of software and goodwill	3,742,944	3,783,766
Foreign exchange (gains) / losses	530,060	(40,466)
Profit on disposal of property, plant and equipment	-	(1)
Operating lease expense - property	959,773	813,431
Hire of plant and machinery - rentals payable under operating leases	162,238	278,501
Hire of other assets - rentals payable under operating leases	5,470,322	4,444,903
Rental income	<u>(650,359)</u>	<u>(364,986)</u>

4 Auditor's remuneration

	2019	2018
	£	£
Audit of these financial statements	<u>162,491</u>	<u>186,291</u>
Other fees to auditor		
Audit-related assurance services	<u>50,010</u>	<u>50,009</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

5 Directors' remuneration

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

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	582,004	950,158
Benefits under long-term incentive schemes (excluding shares)	276,168	260,410
Company contributions to money purchase pension schemes	<u>16,200</u>	<u>11,880</u>

The Group's directors participate in the restricted stock scheme operated by the Ultimate Parent Undertaking. Shares were received or receivable under this restricted share scheme by 2 directors (2018: 2)

Under this scheme, certain directors have been awarded restricted shares in the ultimate parent undertaking, Omnicom Group Inc. The restricted shares typically vest in 20% annual increments provided the director remains an employee of the Omnicom Group. Restricted shares may not be sold, transferred, pledged or otherwise encumbered until the restrictions lapse. Under most circumstances, the director forfeits the shares still subject to restriction if the director ceases employment prior to the end of the period of restriction.

Directors are considered to be Key Management Personnel.

	2019 £	2018 £
Directors' emoluments	791,438	1,141,092
Amounts receivable under long term incentive schemes	276,168	286,856
	<u>1,067,606</u>	<u>1,427,948</u>
Company contributions to money purchase pension schemes	32,934	29,529
	<u>1,100,540</u>	<u>1,457,477</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

6 Staff costs

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

	2019 £	2018 £
Wages and salaries	31,403,028	28,383,463
Share related awards	185,886	175,801
Social security costs	3,784,146	3,419,294
Pension and other post-employment benefit costs	1,228,293	938,469
Severance/loss of office	771,961	483,909
	<u>37,373,314</u>	<u>33,400,936</u>

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

	2019 No.	2018 No.
Production	179	203
Administration and support	63	66
Other departments	306	262
	<u>548</u>	<u>531</u>

7 Other interest receivable and similar income

	2019 £	2018 £
Receivable from group undertakings	<u>114,826</u>	<u>73,645</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Payable to group undertakings	160,919	18,564
Other interest payable	91,654	101,500
Finance charges payable in respect of finance leases and hire purchase contracts	43,681	29,889
	<u>296,254</u>	<u>149,953</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

9 Taxation

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

	2019 £	2018 £
Current taxation		
Current tax on income for the period	1,062,612	772,425
Adjustments in respect of previous periods	<u>332,484</u>	<u>26,907</u>
	<u>1,395,096</u>	<u>799,332</u>
Current foreign tax on income for the period	1,423	406,798
Foreign tax adjustment to prior periods	<u>(363,842)</u>	<u>-</u>
	<u>(362,419)</u>	<u>406,798</u>
Total current income tax	<u>1,032,677</u>	<u>1,206,130</u>
Deferred taxation		
Origination and reversal of timing differences	(128,678)	(31,599)
Effect of increased/decreased tax rate on opening liability	19,932	(1,041)
Adjustment in respect of previous periods	<u>102,160</u>	<u>29,453</u>
Total deferred taxation	<u>(6,586)</u>	<u>(3,187)</u>
Tax expense in the profit and loss account	<u>1,026,091</u>	<u>1,202,943</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>2,355,586</u>	<u>2,394,979</u>
Corporation tax at standard rate	447,561	455,046
Effect of revenues exempt from taxation	187,881	188,005
Effect of expense not deductible in determining taxable profit (tax loss)	299,915	269,533
UK deferred tax expense/(credit) relating to changes in tax rates or laws	19,932	(1,041)
Decrease in foreign current tax from a prior period	(363,842)	-
Increase in UK deferred tax from a prior period	102,160	29,453
Increase in UK current tax from a prior period	332,484	26,907
Tax increase from other short-term timing differences	<u>-</u>	<u>235,040</u>
Total tax charge	<u>1,026,091</u>	<u>1,202,943</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2019		
Difference between accumulated depreciation and capital allowances	131,070	(232,726)
Other timing differences	153,565	-
	<u>284,635</u>	<u>(232,726)</u>

	Asset £	Liability £
2018		
Difference between accumulated depreciation and capital allowances	220,567	(272,042)
Other timing differences	96,798	-
	<u>317,365</u>	<u>(272,042)</u>

Company

Deferred tax assets and liabilities

	Asset £
2019	
Difference between accumulated depreciation and capital allowances	98,294
Other timing differences	34,984
	<u>133,278</u>

	Asset £
2018	
Difference between accumulated depreciation and capital allowances	122,882
Other timing differences	23,262
	<u>146,144</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

10 Intangible assets

Group

	Goodwill £	Software £	Concessions, patents, licenses, trademarks and similar rights and assets £	Total £
Cost or valuation				
At 1 January 2019	79,511,131	524,036	1,813,000	81,848,167
Additions	-	258,198	-	258,198
Disposals	-	(443,298)	-	(443,298)
At 31 December 2019	<u>79,511,131</u>	<u>338,936</u>	<u>1,813,000</u>	<u>81,663,067</u>
Amortisation				
At 1 January 2019	57,634,022	480,308	400,356	58,514,686
Amortisation charge	3,718,791	24,153	218,376	3,961,320
Disposals	-	(443,298)	-	(443,298)
At 31 December 2019	<u>61,352,813</u>	<u>61,163</u>	<u>618,732</u>	<u>62,032,708</u>
Carrying amount				
At 31 December 2019	<u>18,158,318</u>	<u>277,773</u>	<u>1,194,268</u>	<u>19,630,359</u>
At 31 December 2018 (As restated)	<u>21,877,109</u>	<u>43,728</u>	<u>1,412,644</u>	<u>23,333,481</u>

During the year the directors conducted an impairment review of goodwill by comparing the net book value of each subsidiary to the net present value of the discounted cash flows, using the Omnicom Discounted Cash Flow Model.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

11 Tangible fixed assets

Group

	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation				
At 1 January 2019	1,105,041	395,002	3,319,803	4,819,846
Additions	218,236	185,795	966,001	1,370,032
Disposals	(76,073)	(92,106)	(1,015,113)	(1,183,292)
Transfers	-	(27,788)	27,788	-
At 31 December 2019	<u>1,247,204</u>	<u>460,903</u>	<u>3,298,479</u>	<u>5,006,586</u>
Depreciation				
At 1 January 2019	315,012	266,056	2,128,721	2,709,789
Charge for the year	227,674	71,160	491,077	789,911
Disposals	(76,072)	(92,106)	(1,010,951)	(1,179,129)
Transfers	-	(24,208)	24,208	-
At 31 December 2019	<u>466,614</u>	<u>220,902</u>	<u>1,633,055</u>	<u>2,320,571</u>
Carrying amount				
At 31 December 2019	<u>780,590</u>	<u>240,001</u>	<u>1,665,424</u>	<u>2,686,015</u>
At 31 December 2018	<u>790,029</u>	<u>128,946</u>	<u>1,191,082</u>	<u>2,110,057</u>

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:

	2019 £	2018 £
Office equipment	1,543,682	956,763
Furniture and fittings	<u>36,359</u>	<u>-</u>
	<u>1,580,041</u>	<u>956,763</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

12 Fixed assets investments

Company	Shares in group undertakings
	£
Subsidiaries	
Cost	
At 1 January 2019	112,618,366
Provision for impairment	
At 1 January 2019	33,856,117
Provided in year	<u>4,046,464</u>
At 31 December 2019	<u>37,902,581</u>
Carrying amount	
At 31 December 2019	<u>74,715,785</u>
At 31 December 2018	<u>78,762,249</u>

During the year ended 31 December 2019, the directors conducted an impairment review of its investments by comparing the carrying value of the investment to the net present value of the discounted cash flows, applying the Omnicom Discounted Cash Flow Model, using a pre-tax WACC rate of 10.6%.

The projected cash flows are estimated based on the Omnicom Inc. approved budget for 2019. The cash flow projections for the years 2020-2025 assume a growth rate of between 2.5% to 20% for each, which reflects the directors' estimate of the medium term operating performance. The terminal value is calculated using a perpetuity model which assumes a long term growth rate of 2.5% and reflects the long term GDP growth forecasts for the region and industry.

On 1st April 2019, 100 membership units in Lucky Generals New York LLC were transferred to the subsidiary LG/TBWA Ltd for a consideration of \$100 from Omnicom Group Inc.

On 30th June 2020 the share capital of TBWA MCR Ltd was sold to the management team for a consideration of £55,000. The directors have reviewed the investment in TBWA MCR Ltd and have deemed an impairment of £4,046,464 is appropriate based on past and future expected performance. As at the 31st of December 2019, there had been no intention to divest of the Company.

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

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

13 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Work in progress	<u>5,337,197</u>	<u>8,139,866</u>	<u>2,148,315</u>	<u>4,042,270</u>

14 Debtors

		Group		Company	
	Note	2019	2018	2019	2018
		£	£	£	£
Trade debtors		13,650,168	11,172,658	1,268,360	1,052,243
Amounts owed by group undertakings - trading balances		8,734,343	18,116,003	10,830,374	12,419,213
Amounts owed by group undertakings - loans and advances		32,489,239	22,957,813	14,832,400	8,757,825
Taxation and social security		-	49,284	-	-
Other debtors		4,570,757	3,832,615	2,158,260	1,255,391
Deferred tax assets	9	284,635	317,365	133,278	146,144
Prepayments and accrued income		<u>4,879,490</u>	<u>5,576,835</u>	<u>481,398</u>	<u>663,494</u>
		<u>64,608,632</u>	<u>62,022,573</u>	<u>29,704,070</u>	<u>24,294,310</u>

The Group participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited and Omnicom Financial Services Limited, the 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 and Omnicom Financial Services Limited or by Omnicom Finance Limited and Omnicom Financial Services Limited depositing cash with the Company. Included in "Amounts owed by group undertakings - loans and advances" is £32,489,239 (2018: £22,957,813) representing cash deposited by the Group under these arrangements. Included in "Amounts owed by group undertakings - loans and advances" is £14,832,400 (2018: £8,757,825) representing cash deposited by the Company under these arrangements.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

15 Creditors

		Group		Company	
	Note	2019 £	2018 £	2019 £	2018 £
Due within one year					
Obligations under finance lease and hire purchase contracts		448,181	269,065	225,864	112,600
Trade creditors		2,541,103	1,572,915	576,847	330,301
Amounts owed to group undertakings - trading balances		9,790,337	14,354,919	7,600,906	11,273,987
Amounts owed to group undertakings - loans and advances		8,306,930	4,392,643	9,135,725	3,403,091
Taxation and social security		4,777,565	4,385,768	2,200,333	1,252,359
Accruals and deferred income		16,796,409	22,063,067	4,817,870	10,685,179
		<u>42,660,525</u>	<u>47,038,377</u>	<u>24,557,545</u>	<u>27,057,517</u>
Due after one year					
Obligations under finance lease and hire purchase contracts		1,157,296	748,248	668,741	333,651
Other creditors		4,516,295	4,585,683	-	161,718
		<u>5,673,591</u>	<u>5,333,931</u>	<u>668,741</u>	<u>495,369</u>

The Group participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited and Omnicom Financial Services Limited, the 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 and Omnicom Financial Services Limited or by Omnicom Finance Limited and Omnicom Financial Services Limited depositing cash with the Company. Included in "Amounts owed by group undertakings - loans and advances" is £8,306,930 (2018: £4,392,643) representing cash borrowed by the Group under these arrangements. Included in "Amounts owed by group undertakings - loans and advances" is £7,452,978 (2018: £3,403,091) representing cash borrowed by the Company under these arrangements.

Included in other creditors due after 1 year is the Contingent Purchase Price provision for the acquisition of Lucky Generals Ltd.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

16 Provisions

Group

	Deferred tax £	Other provisions £
At 1 January 2019	272,042	688,133
Additional provisions	<u>(39,316)</u>	<u>-</u>
At 31 December 2019	<u>232,726</u>	<u>688,133</u>

Other provisions consist primarily of property provisions. Deferred tax liabilities relate to the acquisition of Lucky Generals Limited in 2017.

Company

	Other provisions £
At 1 January 2019	<u>688,133</u>
At 31 December 2019	<u>688,133</u>

17 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

18 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £1,228,293 (2018 - £938,469).

Contributions amounting to £135,586 (2018: £135,946) were payable to the schemes and are included in other creditors.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

19 Post balance sheet events

On 30th June the share capital of TBWA\MCR Ltd was sold to the Management team of TBWA\MCR Ltd for a consideration of £55,000. The net liabilities were written off in 2020 and a loss on disposal has been recorded in of £(373,275).

The COVID-19 pandemic has developed rapidly in 2020. Measures taken by the government to contain the virus have affected economic activity and the groups business in various ways. Whilst the group has a diversified client base to minimise the impact to revenue, the pandemic could have a material adverse effect on the business results of operation and financial position. The exact impact on the Company's activities in the remainder of 2020 and thereafter cannot be predicted.

20 Prior year adjustment

While preparing the financial statements for the year, the directors identified that goodwill had been incorrectly impaired in the Group's financial statements for the year ending 31 December 2018. The incorrect impairment resulted from the recording of an impairment to goodwill in the Group's financial statements equal to the impairment recorded for an investment in subsidiary in the parent Company's accounts. However the impaired subsidiary was not part of a CGU which was allocated goodwill in the Group's financial statements.

As a consequence, goodwill and the related accounts were understated as of 31 December 2018. This has been corrected by restating each of the affected financial statement lines items for prior period. The following tables summarise the impact on the Group's financial statements. There was no impact to the parent Company's financial statements.

Additionally, the directors have identified both non-cash and cash movements in the statement of cash flows which were incorrectly presented in the Group's prior year statement of cash flows. The adjustments are presented in the table below. The adjustments to the Group's statement of cash flows had no impact on the Group's net assets or Group's profit before tax.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

(i) Consolidated Balance Sheet

At 1 January 2018	As previously reported	Adjustments	As restated
	£	£	£
Intangible assets	18,305,676	5,027,805	23,333,481
Total Fixed Assets	20,415,733	5,027,805	25,443,538
Retained earnings	31,574,618	5,027,805	36,602,423
Equity attributable to owners of the Company	36,450,005	5,027,805	41,477,810
Non-controlling interests	805,405	-	805,405
Total equity	37,255,410	5,027,805	42,283,215

(ii) Consolidated Profit and Loss

For the year ended 31 December 2018	As previously reported	Adjustments	As restated
	£	£	£
Goodwill Impairment	(5,027,805)	5,027,805	-
Profit before taxation	(2,632,826)	5,027,805	2,394,979
Profit after taxation	(3,835,769)	5,027,805	1,192,036
Profit/(loss) attributable to:			
Owners of the Company	(4,122,435)	5,027,805	905,370
Non-controlling interests	286,666	-	286,666
	(3,835,769)	5,027,805	1,192,036

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

(iii) Consolidated Cash flows

For the year ended 31 December 2018	As previously reported	Adjustments	As restated
	£	£	£
Cash flows from operating activities			
Profit for the year	(3,835,769)	5,027,805	1,192,036
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4,618,421		4,618,421
Profit on disposal of tangible assets	(1)		(1)
Loss from disposals of investments	1		1
Interest receivable and similar income	(73,645)		(73,645)
Interest payable and similar charges	149,953		149,953
Share based payment expenses	470,556		470,556
Income tax expense	1,202,943		1,202,943
Goodwill Impairment	5,027,805	(5,027,805)	-
Dilapidation provision	(94,850)		(94,850)
Deferred Tax Liability			-
(Increase)/decrease in Contingent Purchase Price Liability		(532,983)	(532,983)
	<u>7,465,414</u>	<u>(532,983)</u>	<u>6,932,431</u>
Working capital adjustments			
Decrease/(increase) in stocks	(4,269,546)		(4,269,546)
Decrease in trade debtors	15,881,484		15,881,484
Decrease in trade creditors	(14,728,678)		(14,728,678)
Decrease in provisions	(681,500)		(681,500)
Cash generated from operations	<u>3,667,174</u>	<u>(532,983)</u>	<u>3,134,191</u>
Income taxes paid	(1,468,280)		(1,468,280)
Net cash flow from operating activities	<u>2,198,894</u>	<u>(532,983)</u>	<u>1,665,911</u>
Cash flows from investing activities			
Interest received	73,645		73,645
Acquisitions of tangible assets	(990,676)		(990,676)
Proceeds from sale of tangible assets	96,907		96,907
Acquisition of intangible assets	(3,805)		(3,805)

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

(Increase)/decrease in Contingent Purchase Price Liability	101,501	(101,501)	-
Long term liabilities - Capital Leases	168,356	(168,356)	-
Goodwill revaluation	(634,484)	634,484	-
Net cash flows from investing activities	<u>(1,188,556)</u>	<u>364,627</u>	<u>(823,929)</u>
Cash flows from financing activities			
Interest paid	(149,954)		(149,954)
Dividends paid	(213,756)		(213,756)
Loans to group undertakings	(1,553,169)		(1,553,169)
Long term liabilities - Capital Leases		168,356	168,356
Net cash flows from financing activities	<u>(1,916,879)</u>	<u>168,356</u>	<u>(1,748,523)</u>
Net increase/(decrease) in cash and cash equivalents	(906,541)	-	(906,541)
Cash and cash equivalents at 1 January	916,262	-	916,262
Cash and cash equivalents at 31 December	<u>9,721</u>	<u>-</u>	<u>9,721</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

21 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 2017. 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.

During the year ended 31 December 2019, the Company recognised an expense of £38,825 (2018: £38,825) in respect of outstanding share awards.

The options outstanding at the year-end have an exercise price of \$84.94 and a weighted average contractual life of 6 years.

	2017
Fair value at measurement date \$	9.87
Weighted average share price \$	84.94
Exercise price \$	84.94
Expected volatility (expressed as 5 year historical monthly used in the modelling under Black Scholes model)	16.3%
Option life in years	5
Expected dividends	2.6%
Risk-free interest rate (based on national government bonds)	2.0%

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.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

	2019	2019	2018	2018
	Weighted average exercise price \$	Number of options	Weighted average exercise price \$	Number of options
At beginning of year	84.94	15,000	-	-
Granted			84.94	15,000
Outstanding options at end of the year	<u>84.94</u>	<u>15,000</u>	<u>84.94</u>	<u>15,000</u>
Exercisable at end of the year		<u>-</u>	<u>-</u>	<u>-</u>

The liability arising in relation to the linked recharge from Omnicom Group Inc. in relation to these share options for the year was £839,570 (2018: £502,312).

The weighted average share price at the date of exercise of share options exercised during the year was \$nil (2018: \$nil).

22 Commitments

Group

Operating leases

The Group's principal premises are leased from a fellow group company on terms with no future minimum base payments.

The total of future minimum lease payments for other equipment leases is as follows:

	2019 £	2018 £
Not later than one year	1,188,639	1,001,576
Later than one year and not later than five years	<u>2,034,317</u>	<u>1,230,521</u>
	<u>3,222,956</u>	<u>2,232,097</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

Company

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	178,432	134,771
Later than one year and not later than five years	<u>203,265</u>	<u>155,740</u>
	<u><u>381,697</u></u>	<u><u>290,511</u></u>

23 Related party transactions

Group

Summary of transactions with subsidiaries

As a 100% owned indirect subsidiary of Omnicom Group Inc., the Group 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.

At 31 December 2019, the Group's ultimate parent undertaking was Omnicom Group Inc. The shareholders of the Group have interest directly or indirectly in certain other companies which are considered to give rise to related party disclosures under FRS 102 Section 33.

Company

Summary of transactions with subsidiaries

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.

At 31 December 2019, 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.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

24 Parent and ultimate parent undertaking

The ultimate parent is Omnicom Group Inc., incorporated in the United States of America.

These financial statements are available upon request from Omnicom Group Inc.'s registered address, 437 Madison Avenue New York, NY10022, USA.

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.

The notes on pages 21 to 48 form an integral part of these financial statements.

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

25 Details of undertaking

Subsidiary exemption

The following UK subsidiaries of the group, having met the criteria set out in sections 479A-479C of the Companies Act 2006, are claiming exemptions from the audit of the individual accounts afforded by those sections for the year ended 31 December 2019.

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:

The notes on pages 21 to 48 form an integral part of these financial statements.

Page 47

TBWA UK Group Ltd

Notes to the Financial Statements for the year ended 31 December 2019

Undertaking	Company number	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity	Registered address
Subsidiary undertakings						
Being London Limited	3119703	England	Ordinary	100.00	Advertising	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
egplus worldwide limited	1029724	England	Ordinary	100.00	Production	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
Designory UK Ltd (formerly Experience Worldwide Ltd)	1367372	England	Ordinary	100.00	Advertising	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
LG\TBWA Limited	10573007	England	Ordinary	77.78	Holding Company	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
Lucky Generals Limited	08435185	England	Ordinary	77.78	Advertising Agency	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
Lucky Generals NY LLC	4296902	Delaware	Membership	77.78	Advertising Agency	488, Madison Avenue, New York City, NY, 10022, United States
Mother Tongue Limited	2565571	England	Ordinary	100.00	Translation Services	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
TBWA\London Limited	10573606	England	Ordinary	77.78	Advertising	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
TBWA\MCR Limited	2160991	England	Ordinary	100.00	Advertising	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
Tequila London Limited	2300483	England	Ordinary	100.00	Advertising	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England

The notes on pages 21 to 48 form an integral part of these financial statements.