

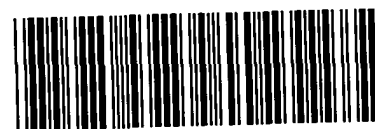
Registration number: 4431736

Omnicom Media Group UK Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 December 2013.

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Omnicom Media Group UK Limited

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Omnicom Media Group UK Limited

Strategic Report for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

The purpose of this strategic report is to inform members of the group 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).

Development and performance of the business of the Group during the financial year

Gross billings for the year were £1,845,169,977 (2012: £1,694,147,965), revenue £141,273,840 (2012: £120,577,455) and profit after tax £23,966,460 (2012: £20,933,472). The profit and loss account is shown on page 8.

The key indicators that we review focus on revenue, administrative expenses and operating margin. Our revenue has grown by 17% as a group through a combination of new business wins and growing our share of existing clients' marketing budgets. This is through existing channels and specialist service offerings that add value to our clients marketing communications.

Because we are a service business, we monitor expenses on a percentage of revenue basis. We measure expenses in two distinct cost categories: staff costs and all other operating expenses. Staff costs are primarily comprised of salaries, social security and employer pension contributions. Other operating expenses are primarily comprised of rent and occupancy costs, technology related costs and depreciation. Staff costs tend to fluctuate in conjunction with changes in revenue whereas other operating costs tend to be relatively fixed in nature. Staff costs remained at 54% of revenue while other administrative costs increased to 25.4% (2012: 23.7%). Our operating margin decreased to 20.9% (2012: 21.9%).

During the year a group reconstruction took place to simplify the group's structure resulting in the Omnicom Media Group UK Limited becoming the holding company for all of the OMG network's UK operations.

Position of the Group at the year end

The balance sheet continues to be strong as the value of net assets has increased to £37,975,262 (2012: £35,484,528) even after paying a substantial dividend in the year.

The strict adherence to our credit policies and observance of good working capital management procedures has ensured that we have had minimal amounts of bad debts during the year and we expect this to continue.

We are confident in the group's financial position and future. Accordingly the directors have prepared the financial statements on a going concern basis.

Principal risks and uncertainties

The markets in which we participate are highly competitive. Key competitive considerations for keeping existing business and winning new business include our ability to develop creative solutions that meet client needs, the quality and effectiveness of the services we offer and our ability to efficiently service clients. While many of our client relationships are long-standing, companies put their marketing and communications services business up for competitive review from time to time. We have won and lost accounts in the past as a result of these reviews. To the extent that we are not able to remain competitive, our revenue may be adversely effected which could then affect our results and financial condition.

Omnicom Media Group UK Limited

Strategic Report for the Year Ended 31 December 2013

Our employees are our most important assets and our ability to attract and retain key personnel is an important aspect of our competitiveness. If we are unable to attract and retain key personnel, including highly skilled technically proficient personnel, our ability to provide our services in the manner our customers have come to expect may be adversely affected, which could harm our reputation and result in a loss of clients, which could have a material adverse effect on our results and financial position.

Our clients generally are able to reduce advertising and marketing spending or cancel projects at any time on short notice for any reason. It is possible that our clients could reduce spending in comparison to historical patterns, or they could reduce future spending. A significant reduction in advertising and marketing spending by our largest clients, or the loss of several of our largest clients, if not replaced by new clients or an increase in business from existing clients, would adversely affect our revenue and thus affect our results and financial position.

We rely on information technology systems and infrastructure to process transactions, summarize 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 unauthorized persons or to the public. Additionally, we utilize third parties 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 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 affect our reputation or business.

The main trends and factors likely to affect future development, performance and position of the Group's business

In the normal course of business, our agencies enter into contractual commitments with media providers and production companies on behalf of our clients at levels that can substantially exceed the revenue from our services. These commitments are included in accounts payable when the services are delivered by the media providers or production companies.

Where purchases of media and production services are made by our agencies as a principal or are not subject to the theory of sequential liability, the risk of a material loss as a result of payment default by our clients could increase significantly and such a loss could have a material adverse effect on our results of operations and financial position.

In addition, methods of managing the risk of payment default, including obtaining credit insurance, requiring payment in advance, mitigating the potential loss in the marketplace or negotiating with media providers, may be less available or unavailable during a severe economic downturn.

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 revenue levels and other factors and, in response to reductions in our client revenue, 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 revenue, changes in client creditworthiness and other developments will be effective.

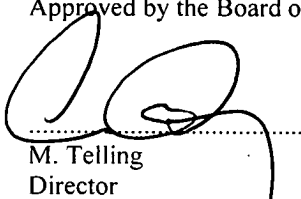
Omnicom Media Group UK Limited
Strategic Report for the Year Ended 31 December 2013

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, and 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 could need to obtain additional financing to fund our day-to-day working capital requirements in such circumstances. There is no assurance that such additional financing would be available on favorable terms, if at all. Such circumstances could have a material adverse effect on our results of operations and financial position.

Government agencies and consumer groups directly or indirectly affect or attempt to affect the scope, content and manner of presentation of advertising, marketing and corporate communications services, through regulation or other governmental action. Any limitation on the scope or content of our services could affect our ability to meet our clients' needs, which could have a material adverse effect on our results of operations and financial position. In addition, there has been a tendency on the part of businesses to resort to the judicial system to challenge advertising practices. Such actions by businesses or governmental agencies could have a material adverse effect on our results of operations and financial position.

Additionally, government or legislative action may limit the tax deductibility of advertising expenditures by certain industries or for certain products and 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 technologies as advertising mediums. These actions could affect our business and reduce demand for certain of our services, which could have a material adverse effect on our results of operations and financial position.

Approved by the Board on 30 June 2014 and signed on its behalf by:



M. Telling
Director

Omnicom Media Group UK Limited
Directors' Report for the Year Ended 31 December 2013

The directors present their report and the consolidated financial statements for the year ended 31 December 2013.

Principal activity

The principal activity of the group during the year continued to be that of independent media planning and buying of advertising space and air time together with offering complimentary specialist marketing services.

Financial instruments

The Group is exposed to price risk and credit risk. Credit insurance is used to mitigate credit risk.

Dividends

During the year the Group have paid or declared dividends of £20,451,959 (2012: £14,565,813).

Directors of the Company

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

M. Telling

P. Brown

Political and charitable contributions

The Company made no political contributions during the year (2012: nil). Donations to charities amounted to £101,973 (2012: £68,206).

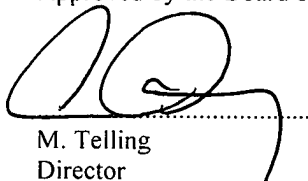
Disclosure of information to the auditors

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 30 June 2014 and signed on its behalf by:



M. Telling
Director

239 Old Marylebone Road
London
NW1 5QT

Omnicom Media Group UK Limited
Statement of Directors' Responsibilities in respect of the Strategic Report and the
Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 company and of their profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Independent Auditor's Report to the members of Omnicom Media Group UK Limited

We have audited the financial statements of Omnicom Media Group UK Limited for the year ended 31 December 2013, set out on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the groups and of the parent company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matter - prior period financial statements

In forming our opinion on the financial statements, which is not modified we note that the prior period consolidated financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these consolidated financial statements are unaudited.

Opinion on other matter prescribed by the Companies Act 2006

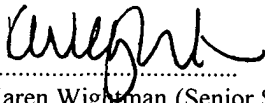
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the members of Omnicom Media Group UK Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Karen Wightman (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

30 June 2014

Omnicom Media Group UK Limited
Consolidated Profit and Loss Account for the Year Ended 31 December 2013

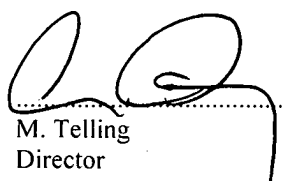
	Note	2013 £	2012 £
Gross billings		1,845,169,977	1,694,147,965
Rebillable costs		<u>(1,703,896,137)</u>	<u>(1,573,570,510)</u>
Revenue		141,273,840	120,577,455
Direct costs		<u>425</u>	<u>-</u>
Gross profit		141,274,265	120,577,455
Administrative expenses		<u>(111,765,928)</u>	<u>(94,167,883)</u>
Group operating profit	2	29,508,337	26,409,572
Other interest receivable and similar income	5	1,462,314	1,509,866
Interest payable and similar charges	6	<u>(6,800)</u>	<u>(5,434)</u>
Profit on ordinary activities before taxation		30,963,851	27,914,004
Tax on profit on ordinary activities	7	<u>(6,997,391)</u>	<u>(6,980,532)</u>
Profit for the financial year attributable to members of the parent company	15	<u><u>23,966,460</u></u>	<u><u>20,933,472</u></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 total recognised gains and losses has not been prepared.

Omnicom Media Group UK Limited
(Registration number: 4431736)
Consolidated Balance Sheet as at 31 December 2013

	Note	2013	2012
		£	£
Fixed assets			
Tangible assets	9	1,672,621	1,444,529
Current assets			
Debtors	11	560,785,430	568,782,511
Cash at bank and in hand		<u>9,893</u>	<u>10,376</u>
		560,795,323	568,792,887
Creditors: Amounts falling due within one year	12	<u>(524,288,603)</u>	<u>(534,618,888)</u>
Net current assets		<u>36,506,720</u>	<u>34,173,999</u>
Total assets less current liabilities		38,179,341	35,618,528
Provisions for liabilities	13	<u>(203,000)</u>	<u>(134,000)</u>
Net assets		<u>37,976,341</u>	<u>35,484,528</u>
Capital and reserves			
Called up share capital	14	6	6
Share premium reserve	15	62,073,999	62,073,999
Other reserves	15	1,079	-
Profit and loss account	15	(36,356,065)	(38,846,799)
Merger reserve	15	<u>12,257,322</u>	<u>12,257,322</u>
Shareholders' funds		<u>37,976,341</u>	<u>35,484,528</u>

Approved by the Board on 30 June 2014 and signed on its behalf by:

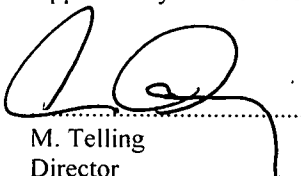

M. Telling
Director

The notes on pages 12 to 29 form an integral part of these financial statements.

Omnicom Media Group UK Limited
(Registration number: 4431736)
Balance Sheet as at 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	477,113	485,755
Investments	10	<u>62,074,105</u>	<u>105</u>
		<u>62,551,218</u>	<u>485,860</u>
Current assets			
Debtors	11	18,721,783	11,781,777
Creditors: Amounts falling due within one year	12	<u>(19,906,100)</u>	<u>(11,213,975)</u>
Net current (liabilities)/assets		<u>(1,184,317)</u>	<u>567,802</u>
Net assets		<u>61,366,901</u>	<u>1,053,662</u>
Capital and reserves			
Called up share capital	14	6	5
Share premium reserve	15	62,073,999	-
Profit and loss account	15	<u>(707,104)</u>	<u>1,053,657</u>
Shareholders' funds		<u>61,366,901</u>	<u>1,053,662</u>

Approved by the Board on 30 June 2014 and signed on its behalf by:


M. Telling
Director

Omnicom Media Group UK Limited

Reconciliation of movement in shareholders' funds for the Year Ended 31 December 2013

Group

	2013 £	2012 £
Profit attributable to the members of the Company	23,966,460	20,933,472
Dividends	(20,451,959)	(14,565,813)
Share based payments expense	14,233	25,635
Recharge from Omnicom Group Inc in respect of share based payments	(1,038,000)	(1,192,674)
Other reserve movements	1,079	-
New share capital subscribed	-	1
Net addition to shareholders funds	2,491,813	5,200,621
Shareholders' funds at 1 January	35,484,528	30,283,907
Shareholders' funds at 31 December	37,976,341	35,484,528

Company

	2013 £	2012 £
Profit attributable to the members of the Company	14,082,149	10,460,745
Dividends	(15,098,861)	(10,398,393)
Share based payments expense	-	18,417
Recharge from Omnicom Group Inc in respect of share based payments	(744,049)	(318,288)
Premium on share issue, less expenses	62,073,999	-
New share capital subscribed	1	-
Net addition/(reduction) to shareholders funds	60,313,239	(237,519)
Shareholders' funds at 1 January	1,053,662	1,291,181
Shareholders' funds at 31 December	61,366,901	1,053,662

The notes on pages 12 to 29 form an integral part of these financial statements.

Omnicom Media Group UK Limited

Notes to the Financial Statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. On 31 December 2013, a group reconstruction took place resulting in Omnicom Media Group UK Ltd becoming the holding company for all of the OMG network's UK operations. This has been effected by merger accounting as permitted by FRS6- Acquisitions and Mergers. The group financial statements are being prepared for the first time.

Under Financial Reporting Standard ("FRS") 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Omnicom Group Inc., which includes the Company in its own published consolidated financial statements.

The Group has net current assets of £36,505,641 at 31 December 2013 (2012: £34,173,999). 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 Group participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, the group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Group depositing cash with Omnicom Finance plc or by Omnicom Finance plc depositing cash with the Company. The Group's access to borrowings under the cash concentration arrangement is not limited as long as these borrowings are required in the normal course of business and are made in accordance with the Omnicom Group Inc Grant of Authority.

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

The directors consider the combination of the group facilities and expected funding requirements of the Omnicom Group Inc and its subsidiaries provides sufficient access to funding to ensure that the Group 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.

As the Group is a wholly owned subsidiary of Omnicom Group Inc., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Omnicom Group Inc., within which this Company is included, can be obtained from the address given in note 19.

Omnicom Media Group UK Limited

Notes to the Financial Statements

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to Tuesday, December 31, 2013.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £14,082,149 (2012 - £10,460,745) which relates to dividend income received from its direct subsidiaries..

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Merger Accounting

As permitted by FRS 6 the group has accounted for the reconstruction of the group under merger accounting. In merger accounting the financial statements of the parties to the combination are aggregated, and presented as though the combining entities had always been part of the same reporting entity. Accordingly, although the merger may have taken place part of the way through the financial year, the results of the combining entities for the full financial year are reflected in the group accounts for the period and corresponding amounts are presented on the same basis. Under merger accounting a difference may arise on consolidation between the nominal value of shares issued and the aggregate of the nominal value of shares received in exchange. Such difference is not goodwill and is shown as a merger reserve.

Acquisition accounting

Historical acquisitions within the group are included using the acquisition method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Goodwill arising on such acquisitions was amortised over a useful economic life of 10 years.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Asset class	Depreciation method and rate
Fixtures, fittings, tools and equipment	3 years
Leasehold improvements	life of lease
Office equipment	3 years

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Omnicom Media Group UK Limited

Notes to the Financial Statements

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.

Post-retirement benefits

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

Shared-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.

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. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. As permitted by FRS 20, the Company has applied the requirements of this standard to all share based payment awards granted after 7 November 2002. The estimate of the fair value of the services received is measured based on the Black-Scholes formula.

The amount recognised as an expense is adjusted to reflect the actual numbers of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

Amounts reimbursed by the Company to Omnicom Group Inc in respect of these options are recognised as a distribution directly to equity.

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without/with discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Work in progress

Work in progress is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Dividends on shares presented within shareholders' funds

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.

Omnicom Media Group UK Limited

Notes to the Financial Statements

Gross billings

Gross billings are recognised when the service is performed, in accordance with the terms and conditions of the contractual arrangement and when collection is reasonably assured.

Gross billings comprises the gross amounts billed to clients in respect of commission based income together with the total of other fees earned and amounts recharged to clients for rebillable costs.

Rebillable costs

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

Turnover

Consequently, revenue comprises fees and commissions earned in respect of gross billings and direct costs, which meet the Companies Act definition of turnover. Revenue is recognised when services are performed, in accordance with the terms of arrangements reached with each client.

Turnover is stated exclusive of VAT, sales taxation and trade discounts. Substantially all income occurs in the UK.

Omnicom Media Group UK Limited
Notes to the Financial Statements

2 Operating profit

Operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation and other assets writted off tangible fixed assets: owned	608,605	354,578
Net exchange gains	(539,238)	(483,107)
Hire of plant and machinery - rentals payable under operating leases	879,627	594,900
Hire of other assets - rentals payable under operating leases	<u>4,477,657</u>	<u>4,001,194</u>
	2013 £	2012 £
Audit of these financial statements	<u>129,400</u>	<u>183,150</u>

The audit fee for the Group was £129,400 (2012: £183,150). No other fees were paid to the auditor (2012: £0).

3 Directors' remuneration

	2013 £	2012 £
Directors' emoluments	916,286	872,000
Company contributions to money purchase pension schemes	44,415	42,000
Total	<u>960,701</u>	<u>914,000</u>

The aggregate of emolument of the highest paid director was £572,200 (2012: £555,000), and Company pension contributions of £26,665 (2012: £27,000) were made to a money purchase scheme.

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

	2013 No.	2012 No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Exercised share options	2	-
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

Omnicom Media Group UK Limited

Notes to the Financial Statements

The Company's directors participate in the restricted stock scheme operated by the Ultimate Parent Undertaking. Shares were received or receivable under this restricted share scheme by 2 directors (2012: 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.

4 Staff numbers and costs

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

	2013 No.	2012 No.
Other departments	1,332	1,225

The aggregate payroll costs were as follows:

	2013 £	2012 £
Wages and salaries	64,343,905	56,088,361
Share related awards	307,077	236,014
Social security costs	8,535,969	7,098,683
Other pension schemes	2,677,849	2,266,828
Share-based payments	15,312	6,139
Severance/loss of office	43,632	-
	<u>75,923,744</u>	<u>65,696,025</u>

5 Other interest receivable and similar income

	2013 £	2012 £
Bank interest receivable	-	66,482
Receivable from group undertakings	1,462,314	1,443,384
	<u>1,462,314</u>	<u>1,509,866</u>

6 Interest payable and similar charges

	2013 £	2012 £
Payable to group undertakings	-	5,434
Other interest payable	6,800	-
	<u>6,800</u>	<u>5,434</u>

Omnicom Media Group UK Limited
Notes to the Financial Statements

7 Taxation

Tax on profit on ordinary activities

	2013	2012
	£	£
Current tax		
Current tax on income for the period	6,955,057	7,013,171
Adjustments in respect of previous years	10,717	(19,549)
Total current tax	6,965,774	6,993,622
Deferred tax		
Origination and reversal of timing differences	31,617	(13,090)
Total tax on profit on ordinary activities	6,997,391	6,980,532

Factors affecting current tax charge for the year

The current tax charge for the period 2013 is lower (2012: higher) than the standard rate of corporation tax in the UK (23.25%, 2012 : 24.5%). The differences are explained below.

	2013	2012
	£	£
Profit on ordinary activities before tax	30,963,851	27,914,004
Corporation tax at standard rate	7,199,095	6,868,850
Capital allowances in excess of depreciation	46,531	4,000
Expenses not deductible for tax purposes	78,972	138,817
Adjustment for prior periods	10,717	(19,549)
Share based payment expense	(369,541)	1,504
Total current tax	6,965,774	6,993,622

Omnicom Media Group UK Limited

Notes to the Financial Statements

Accounting periods ending after the substantive enactment of the reduction to 24% and 23%

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

8 Dividends

	2013 £	2012 £
Dividends paid		
Current year interim dividend paid	<u>20,451,959</u>	<u>14,565,813</u>

9 Tangible fixed assets

Group

	Leasehold improvements £	Fixtures, fittings, tools and equipment £	Office equipment £	Total £
Cost				
At 1 January 2013	4,791,760	1,569,784	681,132	7,042,676
Additions	617,903	13,609	205,185	836,697
Transfers between items	-	(90,165)	90,165	-
At 31 December 2013	<u>5,409,663</u>	<u>1,493,228</u>	<u>976,482</u>	<u>7,879,373</u>
Depreciation				
At 1 January 2013	3,863,247	1,488,652	246,249	5,598,148
Charge for the year	357,621	23,926	227,058	608,605
Transfers between items	(700)	(41,955)	42,654	(1)
At 31 December 2013	<u>4,220,168</u>	<u>1,470,623</u>	<u>515,961</u>	<u>6,206,752</u>
Net book value				
At 31 December 2013	<u>1,189,495</u>	<u>22,605</u>	<u>460,521</u>	<u>1,672,621</u>
At 31 December 2012	<u>928,513</u>	<u>81,132</u>	<u>434,883</u>	<u>1,444,528</u>

Omnicom Media Group UK Limited
Notes to the Financial Statements

Company

	Leasehold improvements £	Fixtures, fittings, tools and equipment £	Office equipment £	Total £
Cost				
At 1 January 2013	80,977	62,973	502,625	646,575
Additions	35,442	-	167,458	202,900
At 31 December 2013	<u>116,419</u>	<u>62,973</u>	<u>670,083</u>	<u>849,475</u>
Depreciation				
At 1 January 2013	20,159	47,868	92,794	160,821
Charge for the year	2,423	8,952	200,166	211,541
At 31 December 2013	<u>22,582</u>	<u>56,820</u>	<u>292,960</u>	<u>372,362</u>
Net book value				
At 31 December 2013	<u>93,837</u>	<u>6,153</u>	<u>377,123</u>	<u>477,113</u>
At 31 December 2012	<u>60,818</u>	<u>15,105</u>	<u>409,831</u>	<u>485,754</u>

10 Fixed asset investment

Company

	Shares in group undertakings £
Cost	
At 1 January 2013	105
Additions	<u>62,074,000</u>
At 31 December 2013	<u>62,074,105</u>
Net book value	
At 31 December 2013	<u>62,074,105</u>
At 31 December 2012	<u>105</u>

On 31 December 2013, as part of a group reconstruction, PHD Media limited was transferred to the company in exchange for the issue of one ordinary share plus a share premium of £62,073,999. Refer to note 1 for an explanation of the accounting for this transaction and the methodology for preparing the group accounts.

Omnicom Media Group UK Limited **Notes to the Financial Statements**

Investments held as fixed assets

Details of undertakings

All of the 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 2013.

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

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings				
OMD Group Ltd	UK	Ordinary	100%	Media Agency
PHD Media Ltd	UK	Ordinary	100%	Media Agency
OMD International Ltd*	UK	Ordinary	100%	Media Agency
Drum OMG Ltd*	UK	Ordinary	100%	Branded Content
M2M International Ltd	UK	Ordinary	100%	Dormant
Goodstuff Communications LLP	UK	N/A	20%	Media Agency

***Indirect Subsidiaries**

All UK companies listed above are incorporated in England and Wales. All of the above companies are unlisted.

Other indirect holdings of the Company have been excluded from this list in accordance with the Companies Act s410 as they are not deemed to be significant to these accounts. A full list of the Company's subsidiaries will be included in the Company's next Annual Return.

Omnicom Media Group UK Limited
Notes to the Financial Statements

11 Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	266,719,902	243,868,243	4,283,620	1,526,920
Amounts owed by group undertakings				
- trading balances	38,307,622	49,972,102	2,844,116	3,057,807
Amounts owed by group undertakings				
- loans and advances	232,326,575	249,782,828	10,404,641	5,051,565
Taxation and social security	153,174	284,007	-	-
Other debtors	5,783,346	2,470,437	104,888	711,835
Deferred tax asset	36,183	67,800	-	-
Prepayments and accrued income	17,458,628	22,337,094	1,084,518	1,433,650
	<u>560,785,430</u>	<u>568,782,511</u>	<u>18,721,783</u>	<u>11,781,777</u>

The group participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, 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 plc or by Omnicom Finance plc depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances of the group balance sheet is £232,326,575 (2012: £249,782,828) representing cash deposited by the Company under these arrangements.

Deferred tax

Analysis of deferred tax

Group

	2013	2012
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	26,446	32,116
Other timing differences	<u>9,737</u>	<u>35,684</u>
	<u>36,183</u>	<u>67,800</u>

Omnicom Media Group UK Limited

Notes to the Financial Statements

12 Creditors: Amounts falling due within one year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade creditors	442,921,549	436,930,688	7,163,807	1,282,327
Amounts owed to group undertakings				
- trading balances	41,230,503	61,973,914	9,699,939	3,044,889
Amounts owed to group undertakings				
- loans and advances	-	-	27,302	4,923,506
Taxation and social security	12,288,896	10,862,351	1,354,620	726,326
Other creditors	783,711	-	-	-
Accruals and deferred income	27,063,944	24,851,935	1,660,432	1,236,927
	<u>524,288,603</u>	<u>534,618,888</u>	<u>19,906,100</u>	<u>11,213,975</u>

The group participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, 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 plc or by Omnicom Finance plc depositing cash with the Company. Included in Amounts owed to group undertakings is £27,302 (2012: £4,923,506) representing amounts borrowed by the company under these arrangements.

13 Provisions

Group

	Other provision £	Total £
At 1 January 2013	134,000	134,000
Additional amounts provided	<u>69,000</u>	<u>69,000</u>
At 31 December 2013	<u>203,000</u>	<u>203,000</u>

Explanation of provisions

Our office leases require premises to be returned to their original condition on expiry of the leases. It is currently estimated that our outstanding liability is approximately £203,000 but the exact amount can only be confirmed when the leases have expired and agreement has been reached with the landlord.

Omnicom Media Group UK Limited
Notes to the Financial Statements

14 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No.	£	No.	£
Ordinary shares of £ 1.00 each	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>

Omnicom Media Group UK Limited
Notes to the Financial Statements

15 Reserves

Group

	Share premium account £	Other reserves £	Profit and loss account £	Merger reserve £	Total £
At 1 January 2013	62,073,999	-	(38,846,799)	12,257,322	35,484,522
Profit for the year	-	-	23,966,460	-	23,966,460
Dividends	-	-	(20,451,959)	-	(20,451,959)
Share-based payments expense	-	-	14,233	-	14,233
Recharge from Omnicom Group Inc in respect of share based payments	-	-	(1,038,000)	-	(1,038,000)
Other reserve movements	-	1,079	-	-	1,079
At 31 December 2013	<u>62,073,999</u>	<u>1,079</u>	<u>(36,356,065)</u>	<u>12,257,322</u>	<u>37,976,335</u>

The group reserves include £61,702,441 of goodwill written off relating to historic transactions.

Omnicom Media Group UK Limited
Notes to the Financial Statements

Company

	Share premium account £	Profit and loss account £	Total £
At 1 January 2013	-	1,053,657	1,053,657
Profit for the year	-	14,082,149	14,082,149
Dividends	-	(15,098,861)	(15,098,861)
Recharge from Omnicom Group Inc in respect of share based payments	-	(744,049)	(744,049)
Premium on issue of shares, less expenses	62,073,999	-	62,073,999
At 31 December 2013	<u>62,073,999</u>	<u>(707,104)</u>	<u>61,366,895</u>

16 Commitments

Group

Annual commitments under non-cancellable operating leases are as follows:

Non cancellable operating leases

	2013		2012	
	Land and buildings £	Other £	Land and buildings £	Other £
Within 1 year	-	-	-	6,000
2 to 5 years	2,133,807	6,924	2,072,000	8,000
	<u>2,133,807</u>	<u>6,924</u>	<u>2,072,000</u>	<u>14,000</u>

Omnicom Media Group UK Limited
Notes to the Financial Statements

Company

Annual commitments under non-cancellable operating leases are as follows:

Non cancellable operating leases

	2013		2012	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within 1 year	-	-	-	-
2 to 5 years	322,055	6,924	331,000	8,000
Over 5 years	-	-	-	-
	<u>322,055</u>	<u>6,924</u>	<u>331,000</u>	<u>8,000</u>

17 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the 2013 represents contributions payable by the group to the scheme and amounted to £2,677,849 (2012 - £2,266,828).

Omnicom Media Group UK Limited

Notes to the Financial Statements

18 Share-based payments

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

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

During the year ended 31 December 2013, the Company recognised an expense of £0 (2012: £24,556) in respect of outstanding share awards.

The options outstanding at the year end have an exercise price of \$23.40 and a weighted average contractual life of 10 years.

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

Omnicom Media Group UK Limited

Notes to the Financial Statements

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. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

The number and weighted average exercise prices of share options in Omnicom Group Inc held by Omnicom Media Group UK Limited company employees are as follows:

	2013	2013	2012	2012
	Weighted average exercise price \$	Number of options	Weighted average exercise price \$	Number of options
At beginning of year	23.40	100,000	23.40	100,000
Granted	-	-	-	-
Exercised	23.40	(86,500)	-	-
Lapsed	-	-	-	-
Forfeited	-	-	-	-
Outstanding options at end of the year	<u>23.40</u>	<u>13,500</u>	<u>23.40</u>	<u>100,000</u>
Exercisable at end of the year	<u>23.40</u>	<u>13,500</u>	<u>23.40</u>	<u>100,000</u>

The liability arising in relation to the linked recharge from Omnicom Group Inc in relation to these share options for the year was £520,497 (2012: £24,337).

The weighted average share price at the date of exercise of share options exercised during the year was \$65.66. (2012: \$49.60).

19 Ultimate parent company

The Company is a subsidiary undertaking of Omnicom Group Inc. incorporated in the United States of America.

The largest group in which the results of the Company are consolidated is that headed by Omnicom Group Inc. The consolidated accounts of this company are available to the public and may be obtained from Omnicom Group Inc, 437 Madison Avenue, New York, NY10022, USA. No other group accounts include the results of the Company.