

Registration number: 08712635

DDB UK Investments Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2021

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DDB UK Investments Limited

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DDB UK Investments Limited

Strategic Report for the year ended 31 December 2021

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

The purpose of this strategic report is to inform members of the Company and help them assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the Company).

Fair review of the business

The DDB UK Investments Limited Group is a diversified communications group providing services to a wide range of clients across numerous industries including retail, food, automotive, FMCG, pharmaceutical, and healthcare. The Group aims to deliver first class service through a combination of attracting and retaining the very best people in the industry and providing leading edge innovation and technology to our clients.

DDB UK Investments Limited Group is part of the DDB network, a network of leading communications companies ultimately owned by Omnicom Group Inc.

Revenue for the Group showed a small decline in the year, with revenue totalling £106,739,956 (2020: £106,768,172). This was due to minor decreases across Group. The profit for the year before taxation was £1,141,159 (2020: £3,331,031), this decrease was driven by higher administrative expenses incurred in the year. The group made a loss of £2,080,319 (2020: profit of £1,760,517) in the year ended 31 December 2021.

At the end of the year the Group had net current liabilities of £56,096,909 (2020: £66,471,237). The Company had net current liabilities of £75,575,945 (2020: £99,958,873). The directors consider that the Group has access to sufficient funds to meet its needs for the reasons set out in Note 1 of the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

DDB UK Investments Limited

Strategic Report for the year ended 31 December 2021

Principal risks and uncertainties

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 could have a material adverse effect on our results and financial position.

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 intrusions 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. We have assurance that our efforts will prevent system failures or network disruptions or breaches in our systems, or in the systems of third parties we use, that could adversely affect our reputation or business.

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 to 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 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 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 and financial position.

The UK's decision to leave the EU has brought about uncertainty affecting economic outlook in all sectors of the UK economy. There has been no material adverse impact of Brexit to the Group to date, and due to the diversity of clients, the directors do not believe there will be a significant impact. However, the Group will continue to monitor the medium to long term impact on the business.

DDB UK Investments Limited

Strategic Report for the year ended 31 December 2021

COVID-19

We are continuing to monitor the impact of the COVID-19 Global Pandemic on the Group. Whilst it has resulted in a change to some working practices, the Group has a diversified client base to minimise the impact to revenue. However, the pandemic could have a material adverse effect on the business, results of operation and financial position.

Management was able to act swiftly at the peak of the pandemic, and while the Group has suffered a loss in the year with increasing administrative expenses, management remains positive that Group performance will strengthen going forward and that the Group will have the support of its parent entity for financial support if required. We are in regular dialogue with our clients and closely monitor revenues for any further possible decline. Management has no immediate reservations over the Group's ability to continue as a going concern.

The Group 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. The Group's offices re-opened in 2021, and management has successfully implemented additional health and safety measures 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.

Corporate governance

Corporate Governance provides a framework for the Group and Company to not only demonstrate how the Directors make 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 2006.

The Directors, in line with their duties under Section 172 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 Group and Company for the benefit of its members, and in doing so have regard, amongst other matters, to the:

- a) Likely consequences of any decision in the long term
- b) Interests of the Company's employees
- c) Need to foster the Company's business relationships with suppliers, customers and others
- d) Impact of the Company's operations on the community and the environment
- e) Desirability of the Company maintaining a reputation for high standards of business conduct
- f) 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.

DDB UK Investments Limited

Strategic Report for the year ended 31 December 2021

Stakeholders

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 Board regularly discusses issues concerning employees, clients, suppliers, community and environment, regulators and its shareholders, which it considers in its discussions and in its decision-making process.

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

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.

Clients

Our clients are critical to the on-going performance of the Group. Our client service teams build lasting relationships with current and potential clients to understand their objectives and requirements. We monitor our client relationships closely and send out quarterly questionnaires to receive feedback on the performance of our services and quality of the relationship.

The feedback we receive from both our clients and suppliers' feeds into our management decision making and informs our corporate strategy.

Suppliers

The Group fosters positive and long-standing relationships with suppliers. The quality of our end-product is in part dependent on the relationships we build with key suppliers. We monitor our performance against agreed supplier payment terms and report this half yearly and remain committed to being fair and transparent in our dealings with all of our suppliers. The Group 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.

DDB UK Investments Limited

Strategic Report for the year ended 31 December 2021

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. If permitted by local law and the client agreement, many of our agencies purchase media and production services for our clients as an agent for a disclosed principal. In addition, operating practices vary by country, media type and media vendor.

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, 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 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.

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 negatively affect our working capital. We would 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 favourable terms, if at all. Such circumstances could have a material adverse effect on our results and financial position.

DDB UK Investments Limited

Strategic Report for the year ended 31 December 2021

Key Performance Indicators (both financial and non-financial)

The key indicators that we review focus on revenue, operating margin, and administrative expenses excluding goodwill amortisation.

Revenue decreased 0.03% in 2021 (2020: 2.4%).

The operating margin also decreased from 8.5% in 2020 to 5.9% in 2021.

We measure operating expenses in two distinct cost categories: salary and service costs and office and general expenses. Salary and service costs consist of employee compensation and related costs and direct service costs.

Office and general expenses consist of rent and occupancy costs, technology costs, depreciation and amortisation and other overhead expenses.

Because we are a service business, we monitor salary and service costs and office and general costs in relation to revenue. Salary and service costs tend to fluctuate in conjunction with changes in revenue. Salary and service costs increased 4% in 2021 compared to 2020.

Office and general expenses represented 36.5% of revenue in 2021, remaining stable compared to 36.2% in 2020.

Approved and authorised by the Board on 11/11/2022 and signed on its behalf by:

Dominic Nagy

D. Nagy
Director

DDB UK Investments Limited

Directors' Report for the year ended 31 December 2021

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

Principal activity

The principal activity of the Group is that of a diversified communications group.

The Company's registered office is, Bankside 3, 90-100 Southwark Street, London, England, SE1 0SW

Dividends and Changes in Equity

The directors made payment of a dividend in respect of the year ended 31 December 2021 of £nil (2020: £28,000,000).

During the year, a reduction of £10,000,000 was made in the share premium reserve of DDB UK Limited. This was transferred to distributable reserves. The reduction has been recorded in the merger reserve of the group.

Share capital was issued to management of DDB UK Limited during the year. This resulted in an increase to the share-base payment reserve in DDB UK Limited of £2,588,761. This has been recorded in the share-based payment reserve of the group.

Directors of the group

The Directors who held office during the year and to the date of this report, were as follows:

D. Nagy

J. Paolino (resigned 9 February 2021)

G. Lomas (appointed 9 February 2021)

Political and charitable donations

During the year the group made political donations of £nil (2020: £nil). Donations to charity amounted to £66,712 (2020: £57,769).

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

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 each are 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 in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Reappointment of 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.

DDB UK Investments Limited

Directors' Report for the year ended 31 December 2021

Environmental report

The Group consumed less than 40,000kWh of energy in the UK during the financial year ended 31 December 2021 and so, under the Streamlined Energy Carbon Reporting Framework implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, is not required to disclose information on energy usage and carbon reporting in these financial statements.

Approved and authorised by the Board on 11/11/2022 and signed on its behalf by:

Dominic Nagy

D. Nagy
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

DDB UK Investments Limited

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 parent 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;
- 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 DDB UK Investments Limited

Opinion

We have audited the financial statements of DDB UK Investments Limited ("the company") and its subsidiaries for the year ended 31 December 2021, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and related notes, 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 the parent company's affairs as at 31 December 2021 and of its group's loss 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 ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the group or the company will continue in operation.

Independent Auditor's Report to the Members of DDB UK Investments Limited

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors/ sales staff
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the minimal estimations and complexity of the revenue streams applicable to the entity.

We performed procedures including:

- Identifying journal entries and other adjustments to test, based on risk criteria and comparing the identified entries to supporting documentation. These included those made by unauthorized users, those recorded at the end of the period or as post-closing entries that have little or no explanation, manual journals posted to suspense accounts that do not reconcile, those that do not contain a description, those with identified key words, those rerecorded to a seldom used account and those that are posted to revenue with a debit to an unexpected account.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's Report to the Members of DDB UK Investments Limited

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, 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 they 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'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 to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of DDB UK Investments Limited

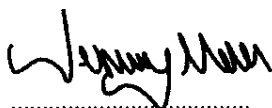
Auditor's responsibilities for the audit of the financial statements

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.

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

This report is made solely to the group'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 group'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 group and the group'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

Date: 11/11/22

DDB UK Investments Limited

Consolidated Profit and Loss Account for the year ended 31 December 2021

	Note	2021 £	2020 £
Gross billings	2	189,229,124	213,289,457
Rebillable costs		<u>(82,489,168)</u>	<u>(106,521,285)</u>
Turnover		106,739,956	106,768,172
Direct costs		<u>(879,730)</u>	<u>(2,040,476)</u>
Gross profit		105,860,226	104,727,696
Administrative expenses		(100,016,295)	(97,142,983)
Other operating income		<u>506,201</u>	<u>1,502,768</u>
Operating profit	3	<u>6,350,132</u>	<u>9,087,481</u>
Income from participating interests		863,700	224,059
Other interest receivable and similar income	7	19,489	74,669
Interest payable and similar expenses	8	<u>(6,092,162)</u>	<u>(6,055,178)</u>
		<u>(5,208,973)</u>	<u>(5,756,450)</u>
Profit before taxation		1,141,159	3,331,031
Tax on profit	9	<u>(3,221,478)</u>	<u>(1,570,514)</u>
(Loss)/profit after taxation		<u>(2,080,319)</u>	<u>1,760,517</u>
Profit/(loss) attributable to:			
Owners of the company		(2,083,775)	1,760,517
Non-controlling interests		<u>3,456</u>	<u>-</u>
		<u>(2,080,319)</u>	<u>1,760,517</u>

The results shown above are derived wholly from continuing operations.

The notes on pages 23 to 44 form an integral part of these financial statements.

DDB UK Investments Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Note	2021 £	2020 £
(Loss)/profit for the year		<u>(2,080,319)</u>	<u>1,760,517</u>
Total comprehensive income for the year		<u>(2,080,319)</u>	<u>1,760,517</u>
Total comprehensive income attributable to:			
Owners of the company		(2,083,775)	1,760,517
Non-controlling interests		<u>3,456</u>	<u>-</u>
		<u>(2,080,319)</u>	<u>1,760,517</u>

DDB UK Investments Limited
(Registration number: 08712635)
Consolidated Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	16,326,546	29,710,592
Tangible assets	11	1,992,267	1,410,837
Investments	12	<u>5,044,032</u>	<u>1,959,071</u>
		<u>23,362,845</u>	<u>33,080,500</u>
Current assets			
Stocks	13	2,646,110	3,564,533
Debtors	14	125,099,229	121,081,836
Cash at bank and in hand		<u>4,456</u>	<u>5,652</u>
		127,749,795	124,652,021
Creditors: Amounts falling due within one year	15	<u>(183,846,704)</u>	<u>(191,123,258)</u>
Net current liabilities		<u>(56,096,909)</u>	<u>(66,471,237)</u>
Total assets less current liabilities		(32,734,064)	(33,390,737)
Creditors: Amounts falling due after more than one year	15	<u>(1,239,156)</u>	<u>(696,424)</u>
Net liabilities		<u>(33,973,220)</u>	<u>(34,087,161)</u>
Capital and reserves			
Called up share capital	16	103	103
Share premium account		13,585,410	13,585,410
Share-based payment reserve		2,588,761	-
Retained earnings		(15,417,176)	(22,552,961)
Merger reserve		<u>(35,119,713)</u>	<u>(25,119,713)</u>
Equity attributable to owners of the company		(34,362,615)	(34,087,161)
Non-controlling interests	17	<u>389,395</u>	<u>-</u>
Shareholders' funds		<u>(33,973,220)</u>	<u>(34,087,161)</u>

Approved and authorised by the Board on 11/11/2022 and signed on its behalf by:

Dominic Nagy

D. Nagy
Director

DDB UK Investments Limited

(Registration number: 08712635)

Company Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	12	158,586,284	155,997,523
Current assets			
Debtors	14	49,396,509	22,424,820
Creditors: Amounts falling due within one year	15	<u>(124,972,454)</u>	<u>(122,383,693)</u>
Net current liabilities		<u>(75,575,945)</u>	<u>(99,958,873)</u>
Net assets		<u>83,010,339</u>	<u>56,038,650</u>
Capital and reserves			
Called up share capital	16	103	103
Share premium account		13,585,410	13,585,410
Retained earnings		<u>69,424,826</u>	<u>42,453,137</u>
Shareholders' funds		<u>83,010,339</u>	<u>56,038,650</u>

The company made a profit after tax for the financial year of £26,971,689 (2020 - profit of £24,764,439).

Approved and authorised by the Board on 11/11/2022 and signed on its behalf by:

Dominic Nagy

.....
D. Nagy
Director

The notes on pages 23 to 44 form an integral part of these financial statements.

DDB UK Investments Limited

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

	Share capital £	Share premium £	Share based payment reserve £	Merger reserve £	Non-controlling interests £	Retained earnings £	Total £
At 1 January 2021	103	13,585,410	-	(25,119,713)	-	(22,552,961)	(34,087,161)
Profit/(loss) for the year	-	-	-	-	3,456	(2,083,775)	(2,080,319)
Total comprehensive income	-	-	-	-	3,456	(2,083,775)	(2,080,319)
Non-controlling interest arising on acquisition	-	-	-	-	385,939	-	385,939
Share-based payments transactions	-	-	-	-	-	17,212	17,212
Recharge from Omnicom Group Inc in respect of share based payments	-	-	-	-	-	(411,713)	(411,713)
Premium on issues of shares less expenses	-	-	-	-	-	(385,939)	(385,939)
Capital reduction	-	-	-	(10,000,000)	-	10,000,000	-
Share based payment reserve	-	-	2,588,761	-	-	-	2,588,761
At 31 December 2021	103	13,585,410	2,588,761	(35,119,713)	389,395	(15,417,176)	(33,973,220)

During the year, a reduction of £10,000,000 was made in the share premium reserve of DDB UK Limited. This was transferred to distributable reserves. The reduction has been recorded in the merger reserve of the Group.

DDB UK Investments Limited

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

	Share capital £	Share premium £	Merger reserve £	Non-controlling interests £	Retained earnings £	Total equity £
At 1 January 2020	103	13,585,410	(25,119,713)	-	3,341,346	(8,192,854)
Profit for the year	-	-	-	-	1,760,517	1,760,517
Total comprehensive income	-	-	-	-	1,760,517	1,760,517
Dividends	-	-	-	-	(28,000,000)	(28,000,000)
Share based payment transactions	-	-	-	-	26,734	26,734
Recharge from Omnicon Group Inc in respect of share based payments	-	-	-	-	318,442	318,442
At 31 December 2020	103	13,585,410	(25,119,713)	-	(22,552,961)	(34,087,161)

The notes on pages 23 to 44 form an integral part of these financial statements.
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DDB UK Investments Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2021	103	13,585,410	42,453,137	56,038,650
Profit for the year	-	-	26,971,689	26,971,689
Total comprehensive income	-	-	26,971,689	26,971,689
At 31 December 2021	103	13,585,410	69,424,826	83,010,339
			Retained earnings £	Total equity £
At 1 January 2020	103	13,585,410	45,688,698	59,274,211
Profit for the year	-	-	24,764,439	24,764,439
Total comprehensive income	-	-	24,764,439	24,764,439
Dividends	-	-	(28,000,000)	(28,000,000)
At 31 December 2020	103	13,585,410	42,453,137	56,038,650

The notes on pages 23 to 44 form an integral part of these financial statements.
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DDB UK Investments Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
(Loss)/profit for the year		(2,080,319)	1,760,517
<i>Adjustments for:</i>			
Depreciation and amortisation	3	13,920,532	14,771,584
Finance income	7	(19,489)	(74,669)
Finance costs	8	6,092,162	6,055,178
Share based payment transactions		(394,501)	313,691
Share of an operating profit in an associate		(496,200)	(224,059)
Bad debt Expense		(20,244)	(80,216)
Taxation	9	3,221,381	1,570,514
Receipts from Government grants		-	615,978
		<u>20,223,322</u>	<u>24,708,518</u>
Working capital adjustments			
Decrease in stocks	13	918,423	1,725,599
Decrease in trade debtors*	14	8,501,988	4,021,268
(Decrease)/increase in trade creditors*	15	<u>(7,859,096)</u>	<u>1,536,530</u>
Cash generated from operations		21,784,637	31,991,915
Income taxes paid	9	<u>(5,183,501)</u>	<u>(4,067,248)</u>
Net cash flow from operating activities		<u>16,601,136</u>	<u>27,924,667</u>
Cash flows from investing activities			
Interest received		19,489	74,669
Interest paid		(3,350,237)	(3,303,102)
Acquisitions of tangible assets	11	(1,080,092)	(640,497)
Proceeds from sale of tangible assets		(35,724)	-
Acquisition of intangible assets	10	(2,100)	(34,650)
Equity dividend paid		-	(28,000,000)
(Decrease)/increase in long term liabilities		<u>542,732</u>	<u>147,962</u>
Net cash flows used in investing activities		<u>(3,905,932)</u>	<u>(31,755,618)</u>
Cash flows from financing activities			
(Increase) /decrease in loans to group undertakings*		(9,954,475)	6,583,811
Interest on preference shares		<u>(2,741,925)</u>	<u>(2,752,076)</u>
Net cash flows used in financing activities		<u>(12,696,400)</u>	<u>3,831,735</u>
Net (decrease)/increase in cash and cash equivalents		(1,196)	784
Cash and cash equivalents at 1 January		<u>5,652</u>	<u>4,868</u>
Cash and cash equivalents at 31 December		<u>4,456</u>	<u>5,652</u>

The notes on pages 23 to 44 form an integral part of these financial statements.

DDB UK Investments Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2021

*In 2020 financial statements, the movement in cash concentration arrangement has been reported as cash flow from financing activities under caption “(Increase)/decrease in loans owed by group undertakings”. Previously these amounts have been included under working capital adjustments in “Decrease/(increase) in trade debtors or creditors.

The notes on pages 23 to 44 form an integral part of these financial statements.

DDB UK Investments Limited

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

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

The financial statements are presented in sterling which is the Group's functional currency.

Under Section 408 of the Companies Act 2006 the Group is exempt from the requirement to present its own profit and loss account.

DDB UK Investments Limited ("the company") is a private company limited by shares, incorporated in England & Wales. The address of the registered office and company's principal place of business is Bankside 3, 90 - 100 Southwark Street, London, England, SE1 0SW.

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;
- Key Management Personnel compensation.

As the consolidated financial statements of ultimate parent undertakings 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..

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2021.

DDB UK Investments Limited

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

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.

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 ('NCI') 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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and are presented separately from the Company's shareholders' equity. Profit or loss for the period is allocated between NCI and the shareholders of the Company.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Merger accounting

As permitted by FRS 102, 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.

DDB UK Investments Limited

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

Going concern

The group has net current liabilities of £56,096,909 at 31 December 2021 (2020: £66,471,237) and generated the positive cashflows from operating activities during the year at £17,440,384 (2020: £27,924,667). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate as the directors consider that the group will have access to sufficient funding to meet its needs for the reasons set out below.

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

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

The directors have made a going concern assessment which covers a period of at least 12 months from the date of approval of these financial statements, taking account of severe but plausible downside scenarios (including the long term impact of key client losses, inflation and staff shortages on the business operations), that indicates the group will have sufficient funds to meet its liabilities as the fall due throughout that period, via the group facilities described above. As with any group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

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 Group is arranging for its clients in its capacity as an intermediary. The Group contracts directly with suppliers and is responsible for their payment, recharging its clients for all costs incurred. Although the Group 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 Group acts as an intermediary, costs incurred with external suppliers are excluded from turnover.

DDB UK Investments Limited

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

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Group's activities.

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.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and associates to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Fixed assets and depreciation

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

Asset class	Depreciation method and rate
Leasehold improvements	Straight line / 13 - 18% per annum
Furniture, fittings, tools and equipment	Straight line / 10 - 33% per annum
Office equipment	Straight line / 10 - 33% per annum

Intangible assets

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.

Intangible assets are stated in the statement of financial position at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

DDB UK Investments Limited

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

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	Straight line / 10 years
Computer software	Straight line / 1- 3 years

Fixed asset investments

Fixed asset investments are stated at cost less impairment.

Interest in associated undertakings

Associated undertakings are entities in which the Company has a participating interest and over whose operating and financial policy the Company exercises a significant influence.

The Group accounts for these entities using the equity method, whereby the proportion of the entity's net income/loss for the year is added to the investment.

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.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Stocks

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. 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. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating 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.

DDB UK Investments Limited

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

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 Group. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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

Defined contribution pension obligation

The Group operates a defined contribution pension 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. A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

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.

Where the Company has a call over its own shares that were granted to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in creditors as a put liability.

Government grants

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

2 Turnover

The whole of the Group's gross billings, turnover and operating profit for the year related to its principal activity, which was that of an advertising agency, and which was carried out in the United Kingdom.

DDB UK Investments Limited

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

3 Operating loss

Included in profit/loss are the following:

	2021	2020
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	534,386	434,083
Amortisation of goodwill	13,370,129	14,328,004
Amortisation of software	16,017	9,497
Foreign exchange gains/losses	26,381	(164,781)
Operating lease expense - property	-	219,752
Hire of plant and machinery - rentals payable under operating leases	(13,395)	66,700
Hire of other assets - rentals payable under operating leases	4,822,214	4,490,185
Rental income	<u>(766,598)</u>	<u>(862,274)</u>

During the year, the group received assistance under the Coronavirus Job Retention Scheme (CJRS) totalling £nil (2020: £615,978) included in other operating income.

4 Auditor's Remuneration

	2021	2020
	£	£
Audit of these financial statements	<u>152,823</u>	<u>114,754</u>

5 Directors' remuneration

The directors are also directors of DDB Europe Limited and the company considers their services to the company insignificant compared with their services performed for DDB Europe Limited and therefore no directors' emoluments are reported for the company for the year (2020 - £nil).

DDB UK Investments Limited

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

6 Staff costs

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

	2021	2020
	£	£
Wages and salaries	48,790,118	47,793,036
Share related awards	3,281,690	546,480
Social security costs	6,121,930	5,667,681
Pension and other post-employment benefit costs	2,074,542	2,075,332
Severance/loss of office	788,041	2,378,323
	<u>61,056,321</u>	<u>58,460,852</u>

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

	2021	2020
	No.	No.
Account management	435	436
Administration and support	88	75
Planning and research	48	48
Creative	175	170
	<u>746</u>	<u>729</u>

7 Other interest receivable and similar income

	2021	2020
	£	£
Receivable from group undertakings	<u>19,489</u>	<u>74,669</u>

8 Interest payable and similar expenses

	2021	2020
	£	£
Payable to group undertakings	3,299,562	3,262,035
Interest payable on shares classified as liabilities	2,741,925	2,752,076
Other interest payable	4,031	1,874
Finance charges payable in respect of finance leases and hire purchase contracts	46,644	39,193
	<u>6,092,162</u>	<u>6,055,178</u>

DDB UK Investments Limited

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

9 Taxation

Tax charged in the profit and loss account

	2021 £	2020 £
Current taxation		
Current tax on income for the period	3,037,135	3,117,334
Adjustments in respect of previous periods	<u>382,658</u>	<u>(1,512,471)</u>
	<u>3,419,793</u>	<u>1,604,863</u>
Deferred taxation		
Origination and reversal of timing differences	26,668	(100,683)
Effect of increased/decreased tax rate on opening liability	(147,150)	(59,743)
Adjustment in respect of previous periods	<u>(77,833)</u>	<u>126,077</u>
Total deferred taxation	<u>(198,315)</u>	<u>(34,349)</u>
Tax expense	<u>3,221,478</u>	<u>1,570,514</u>

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

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>1,141,159</u>	<u>3,331,031</u>
Corporation tax at standard rate	216,820	632,896
Effect of expense not deductible in determining taxable profit (tax loss)	2,846,983	2,383,755
Deferred tax credit relating to changes in tax rates or laws	(147,150)	(59,743)
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	(77,833)	126,077
Increase/(decrease) in UK and foreign current tax from adjustment for prior periods	<u>382,658</u>	<u>(1,512,471)</u>
Total tax charge	<u>3,221,478</u>	<u>1,570,514</u>

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

DDB UK Investments Limited

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

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £
2021	
Other timing differences	150,830
Difference between accumulated depreciation and amortisation and capital allowances	<u>622,948</u>
	<u>773,778</u>
2020	
Other timing differences	364,349
Difference between accumulated depreciation and amortisation and capital allowances	<u>166,108</u>
	<u>530,457</u>

The timing differences have an expiry of between 1 and 5 years, apart from those relating to capital allowances which will expire at the end of the useful life of the asset.

Company

There is no deferred tax within the Company (2020: £nil).

DDB UK Investments Limited

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

10 Intangible assets

Group

	Goodwill £	Software £	Total £
Cost or valuation			
At 1 January 2021	116,346,914	53,581	116,400,495
Additions	-	2,100	2,100
At 31 December 2021	<u>116,346,914</u>	<u>55,681</u>	<u>116,402,595</u>
Amortisation			
At 1 January 2021	86,673,215	16,688	86,689,903
Amortisation charge	<u>13,370,129</u>	<u>16,017</u>	<u>13,386,146</u>
At 31 December 2021	<u>100,043,344</u>	<u>32,705</u>	<u>100,076,049</u>
Net book value			
At 31 December 2021	<u><u>16,303,570</u></u>	<u><u>22,976</u></u>	<u><u>16,326,546</u></u>
At 31 December 2020	<u><u>29,673,699</u></u>	<u><u>36,893</u></u>	<u><u>29,710,592</u></u>

Amortisation charge

The amortisation charge is recognised in the following line items in the profit and loss account:

	2021	2020
	£	£
Administration expenses	13,386,146	14,337,501

Company

There are no intangible assets in the company (2020: £nil).

DDB UK Investments Limited

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

11 Tangible fixed assets

Group

	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation				
At 1 January 2021	131,117	581,985	1,879,793	2,592,895
Additions	-	64,250	1,015,842	1,080,092
Disposals	(79,090)	(5,640)	(12,742)	(97,472)
At 31 December 2021	52,027	640,595	2,882,893	3,575,515
Depreciation				
At 1 January 2021	111,281	240,961	829,816	1,182,058
Charge for the year	6,599	108,355	419,432	534,386
Disposal	(79,090)	(5,531)	(48,575)	(133,196)
Transfers	-	684	(684)	-
At 31 December 2021	38,790	344,469	1,199,989	1,583,248
Net book value				
At 31 December 2021	13,237	296,126	1,682,904	1,992,267
At 31 December 2020	19,836	341,024	1,049,977	1,410,837

Assets held under finance leases and hire purchase contracts

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

	2021 £	2020 £
Office equipment	1,659,151	975,266
Furniture, fittings and equipment	106,866	76,212
	<u>1,766,017</u>	<u>1,051,478</u>

The depreciation charge on these assets was £439,549 (2020: £333,281). The leased equipment secures lease obligations (see note 17).

Company

There are no tangible assets in the company (2020: £nil).

DDB UK Investments Limited

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

12 Fixed assets investments

Group	Shares in group undertakings £	Participating interests £	Total £
Cost			
At 1 January 2021	-	1,959,071	1,959,071
Additions	<u>2,588,761</u>	<u>496,200</u>	<u>3,084,961</u>
At 31 December 2021	<u>2,588,761</u>	<u>2,455,271</u>	<u>5,044,032</u>
Net book value			
At 31 December 2021	<u>2,588,761</u>	<u>2,455,271</u>	<u>5,044,032</u>
At 31 December 2020	<u>-</u>	<u>1,959,071</u>	<u>1,959,071</u>

Company

Subsidiaries	Shares in group undertakings £	Participating interests £	Total £
Cost			
At 1 January 2021	155,736,674	260,849	155,997,523
Additions	<u>2,588,761</u>	<u>-</u>	<u>2,588,761</u>
At 31 December 2021	<u>158,325,435</u>	<u>260,849</u>	<u>158,586,284</u>
Net book value			
At 31 December 2021	<u>158,325,435</u>	<u>260,849</u>	<u>158,586,284</u>
At 31 December 2020	<u>155,736,674</u>	<u>260,849</u>	<u>155,997,523</u>

Increase in the cost of investments in 2021 is in relation to the Company grant of put options over its own shares to the employees of its subsidiaries.

The Group recognised an additional £496,200 (2020: £224,059) in respect of its 49% participating interest in CDM Europe Limited. During the year a dividend of £367,500 (2020: nil) was received from CDM Europe Limited.

See note 24 for details of undertakings.

DDB UK Investments Limited

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

Impairment of investments / Reversal of impairment of investments

The directors have reviewed the carrying value of the Group's investments for impairment. The total net impairment of the Group's investments in 2021 amounted to £nil (2020: £nil).

The carrying value of the investment is based on its net realisable value, calculated using a discounted cash flow analysis with the following assumptions:

The estimates involved in the investment valuation are significant and carry a high level of uncertainty. The assumptions that carry the most significant risk of causing a material misstatement are the growth rate and discount rate. A weighted average growth is applied based on the % of revenue each agency contributes to the total revenue generated. In situations where agencies are showing negative growth in FY20 and FY21, the average growth rate over the last 5 years has been applied for FY23 through to FY25. The discount rate is based on the Omnicom WACC rate and has been reviewed by an external corporate finance firm.

Period over which management has projected cash-flows	5 years
Growth rate used to extrapolate cash flows	3.5% - 4.0%
Discount rate	10.4%

13 Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Work in progress	<u>2,646,110</u>	<u>3,564,533</u>	<u>-</u>	<u>-</u>

DDB UK Investments Limited

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

14 Debtors

		Group		Company	
	Note	2021 £	2020 £	2021 £	2020 £
Trade debtors		23,733,300	31,964,998	-	-
Amounts owed by group undertakings - trading balances		5,362,902	5,619,606	-	-
Amounts owed by group undertakings - loans and advances		87,815,039	77,021,316	48,149,482	21,329,260
Taxation and social security		2,480,360	-	-	-
Other debtors		62,085	1,351,715	1,247,027	1,095,560
Deferred tax assets	9	773,778	530,457	-	-
Prepayments and accrued income		4,871,765	4,593,744	-	-
		<u>125,099,229</u>	<u>121,081,836</u>	<u>49,396,509</u>	<u>22,424,820</u>

Amounts owed by group undertakings - trading balances and loans and advances relate to companies outside the DDB UK Investments group.

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 Group depositing cash with Omnicom Finance Limited/Omicom Financial Services Limited or by Omnicom Finance Limited/Omicom Financial Services Limited depositing cash with the Group. Included in Amounts owed by group undertakings - loans and advances is £67,669,700 (2020: £56,936,060) and company £28,004,144 (2020: £1,183,922), representing cash deposited by the Group under these arrangements.

The interest rate for group loans and advances is based on the Omnicom Finance Limited cost of funding and prevailing market rates. The loans are made on a call basis and therefore are fully repayable on demand.

DDB UK Investments Limited

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

15 Creditors

Note	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Due within one year				
Preference shares classified as liabilities	43,848,100	43,848,100	43,848,100	43,848,100
Obligations under finance lease and hire purchase contracts	552,787	377,511	-	-
Trade creditors	6,174,994	10,461,051	-	-
Amounts owed to group undertakings - trading balances	7,581,581	6,999,037	-	-
Amounts owed to group undertakings - loans and advances	78,535,593	78,535,593	78,535,593	78,535,593
Taxation and social security	5,198,080	5,723,172	-	-
Put option liability	2,588,761	-	2,588,761	-
Accruals and deferred income	39,366,808	45,178,794	-	-
	<u>183,846,704</u>	<u>191,123,258</u>	<u>124,972,454</u>	<u>122,383,693</u>
Due after one year				
Obligations under finance lease and hire purchase contracts	<u>1,239,156</u>	<u>696,424</u>	<u>-</u>	<u>-</u>

Amounts owed to group undertakings - trading balances and loans and advances relate to companies outside the DDB UK Investments group.

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 Group depositing cash with Omnicom Finance Limited/Omicom Financial Services Limited or by Omnicom Finance Limited/Omicom Financial Services Limited depositing cash with the Group. Included in Amounts owed by group undertakings - loans and advances is £75,617,140 (2020: £75,617,140) and company £75,617,140 (2020: £75,617,140) representing cash deposited by the Group under these arrangements.

The interest rate for group loans and advances is based on the Omnicom Finance Limited cost of funding and prevailing market rates. The loans are made on a call basis and therefore are fully repayable on demand.

See note 16 for details of preference shares classified as liabilities.

DDB UK Investments Limited

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

16 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
6.15% Cumulative redeemable preference shares of £1 each	43,848,100	43,848,100	43,848,100	43,848,100
Ordinary share of £1 each	103	103	103	103
	<u>43,848,203</u>	<u>43,848,203</u>	<u>43,848,203</u>	<u>43,848,203</u>

The Preference Shares shall be redeemed in whole or in part at the option (exercisable at any time) of either the Company or the holder of the Preference Shares either by the Company giving written notice on the redemption to the relevant holder or the relevant holder giving written notice of the redemption to the Company (as the case may be) at the Subscription Price per Preference Share on each of the Preference Shares redeemed and any arrears or accruals of the Preference Dividend due on the Preference Shares, calculated down to and including the Redemption date.

On winding up, they would rank first and would be entitled to the Subscription Price per Preference Share, together with a sum equal to any arrears and accruals of the Preference Share Dividend calculated down to and including the date of the return of capital, and if there is a short fall of assets remaining to satisfy the entitlements of holders of the Preference Shares in full, the proceeds shall be distributed to the holders of the Preference Shares in proportion to the amounts due to each such Preference Share held.

The Preference Shares shall confer on each holder of the Preference Shares the right to receive notice of all general meetings of the Company, but will not entitle the holders to attend, speak or vote at any meeting.

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17 Non-controlling interests

On 16 December and 31 December 2021, the Group allotted 2% of the issued shares of DDB UK Limited, to the employees participating in the management equity plan. At the date of transaction the Group derecognised the carrying amount of the non-controlling interest of £385,939.

	2021	2020
	£	£
At 1 January 2021	-	-
Disposal of interest in DDB UK Ltd	385,939	-
Total comprehensive income attributable to non-controlling interest	3,456	-
At 31 December 2021	<u>389,395</u>	<u>-</u>

DDB UK Investments Limited

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

18 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	513,287	347,327
Later than one year and not later than five years	1,167,451	618,588
Later than five years	-	-
	<u>1,680,738</u>	<u>965,915</u>

Finance leases obtained cover IT equipment and furniture required for the business.

There are no such leases in the Company.

19 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 £2,074,542 (2020 - £2,075,332).

DDB UK Investments Limited

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

20 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 three years from 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 2021, the Group recognised an expense of £17,212 (2020: £26,734) 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.

	2021
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 years
Expected dividends	2.6%
Risk-free interest rate (based on national government bonds)	2.0%

DDB UK Investments Limited

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

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

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

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

	2021	2021	2020	2020
	Weighted average exercise price \$	Number of options	Weighted average exercise price \$	Number of options
At beginning of year	85	31,000	85	31,000
Granted	-	-	-	-
Exercised	-	-	-	-
Lapsed	-	-	-	-
Forfeited	-	-	-	-
Outstanding options at end of the year	85	31,000	85	31,000
Exercisable at end of the year	-	-	-	-

The liability arising in relation to the linked recharge from Omnicom Group Inc in relation to these share options for the year was £411,713 (2020: £318,442 asset).

The weighted average share price at the date of exercise of share options exercised during the year was £nil (2020: £nil).

Management Equity Plan

In addition to Omnicom share ownership programme, certain employees participate in the management equity plan. Shares were awarded in December 2021. A number of the first put options for the shares will become exercisable within 3 years of issue. There will be a further option to exercise the remaining put options at 5 years from the issue.

The fair value of shares awarded to employees is measured by reference to the fair value of shares and shares options granted.

The fair value of the shares has been calculated using a multiples valuation method using the adjusted profit before tax. The put liability will be revalued using this method annually.

During the year ended 31 December 2021, the Group recognised an expense of £2,588,761 (2020: £Nil) in respect of the management equity plan, which is equal to the total carrying amount for the liability arising from the transaction.

DDB UK Investments Limited

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

21 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 amount of operating lease payments recognised as an expense during the year was £464,187 (2020: £219,752).

Company

Operating leases

There are no such commitments for the Company (2020: £nil)

22 Related party transactions

Group

There were no transactions between the Group and its associate company - CDM Europe Limited.

Company

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

As a 100% owned indirect subsidiary of Omnicom Group Inc, the Company has taken advantage of the exemption under 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.

23 Parent and ultimate parent undertaking

The Company is a subsidiary of Omnicom Group Inc. incorporated in the United States of America. This entity is also the ultimate controlling party of the Company.

The largest group in which the result of the Group are consolidated is that headed by Omnicom Group Inc. The consolidated accounts of this Group are available to the public and may be obtained from Omnicom Group Inc., 280 Park Avenue, New York, NY 10017, United States. No other group accounts include the results of the Group.

DDB UK Investments Limited

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

24 Details of undertaking

Subsidiary exemption

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act. The Group holding is the same as the Company holding.

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

Undertaking	Company number	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity	Registered address
Subsidiary undertakings						
CDM Europe Limited	1077287	England	Ordinary	49	Media Services	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
DDB Remedy Limited	7995881	England	Ordinary	100	Advertising	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
DDB UK Limited	933578	England	Ordinary	98	Advertising	12, Bishop's Bridge Road, London, W2 6AA, England, United Kingdom
Synergy Medical Communications Limited	7678331	England	Ordinary	100	Medical Education	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England