

AMS Advanced Marketing Services Investments Limited

**Directors' Report, Strategic Report and
Financial Statements**

Year ended 31 December 2020

Registered Number: 1302243



AMS Advanced Marketing Services Investments Limited

Strategic Report for the year ended 31 December 2020

The directors present their strategic report of AMS Advanced Marketing Services Investments Limited (the "Company") registered number 1302243 for the year ended 31 December 2020.

Principal activities and review of the business

The Company's principal activity during the year was to act as a holding company for certain subsidiary undertakings.

The Company's profit for the year was £419,000 (2019: profit £26,000). The directors consider that the result for the year is in line with expectations. The Company had net assets of £118,623,000 as at 31 December 2020 (2019: net assets of £118,204,000).

Key performance indicators

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Financial Reporting Standard 102 (FRS 102)

The company has complied with Financial Reporting Standard 102 (FRS 102) during the year.

Principal risks and uncertainties

As a holding company, the risks and uncertainties are primarily related to the operations of the Company's subsidiaries. The possible risks could adversely impact the revenues, results of operations or financial condition of its subsidiaries, which could adversely affect the value of our investments in those companies. The risk and uncertainties for the Company's subsidiaries are listed below:

- The COVID-19 pandemic has significantly increased financial and economic volatility and uncertainty. The continued downturn in the economy has had, and may continue to have, a negative impact on a number of the Company's clients. This may continue to impact the Company's business, financial condition, results of operations and forward-looking expectations.
- If the Company's business is significantly adversely affected by unfavorable economic conditions or other market disruptions that adversely affect client spending, the negative impact on its revenue could pose a challenge to its operating income and cash generation from operations.
- The advertising and marketing communications business is highly competitive and constantly changing. Competitive challenges also arise from rapidly-evolving and new technologies in the marketing and advertising space. Any failure to keep up with rapidly changing technologies and standards could harm the Company's competitive position.
- An important aspect of the Company's competitiveness is its ability to identify and develop the appropriate talent and to attract and retain key employees and management personnel. If it were to fail to attract key personnel or lose them to competitors or clients, or fail to manage its workforce effectively, its business and results of operations could be adversely affected.
- At any given time, one or more of the Company's clients may experience financial difficulty, file for bankruptcy protection or go out of business. The direct impact on the Company could include reduced revenues and write-offs of accounts receivable and expenditures billable to clients.
- The Company faces continued uncertainty surrounding the implementation and consequences of the United Kingdom's exit from the European Union, commonly referred to as "Brexit." As the parties implement and adjust to their new relationship, it is possible that Brexit and changes resulting from Brexit will cause increased regulatory and legal complexities, large exchange rate fluctuations and negative economic impacts.
- The Company's business, which increasingly involves the collection, use and transmission of customer data, may make the Company an attractive target for malicious third-party attempts to access this data. Data privacy or cybersecurity breaches may pose a risk that sensitive data could be exposed to third parties or to the general public. Any such breaches or breakdowns could expose the Company to legal liability, be expensive to remedy, result in a loss of its clients' or vendors' proprietary information and damage its reputation.
- As the Company is ultimately owned by The Interpublic Group of Companies, Inc., the performance of The Interpublic Group of Companies, Inc. has an impact on the Company's financial position. Please refer to The Interpublic Group of Companies, Inc., consolidated financial statements which can be obtained from The Interpublic Group of Companies, Inc., 909 Third Avenue, New York, NY 10022, USA.

AMS Advanced Marketing Services Investments Limited

Strategic Report for the year ended 31 December 2020 (continued)

Management and mitigation of principal risks and uncertainties


The following measures have been taken by the Company's subsidiaries to manage and mitigate the principal risks and uncertainties:

- During the course of 2020, a primary objective for the Company's management team was to safeguard the physical and mental well-being of its employees. This, in turn, allowed the Company to deliver effective work and strong results for its clients.
- The Company has been able to adapt to meet the various impacts of the COVID-19 pandemic. It has benefited from having a flexible workforce and has been able to be flexible with the allocation of its resources, in order to meet the changing needs of its clients over the period of the pandemic. The Company continued to be disciplined with respect to expenses and strategic in its approach to costs, while simultaneously investing in its business during the year to accelerate areas of strongest opportunity and growth.
- As the wider economy has its usual fluctuations over the course of time, the Company will continue to work with its clients in order to maximise future growth and profitability prospects, assisting them in developing new areas of growth. This in turn helps minimise the risk to the growth of the Company, as management stays focused on unlocking the enormous opportunities that exist due to the change and disruption that occurred during the year and beyond. Our ultimate goal is to help ensure that clients' businesses and brands can thrive in the digital economy.
- The Company seeks to combine the power of creativity within the business, with the benefits of technology, fueling its offerings with a deep understanding of the clients' needs at the same time as and in combination with ethical data practices, which are carried out throughout the business. This has helped the Company grow its digital capabilities. The Company, with the assistance of the resources of the wider IPG Group, has invested time and resources into employee training and technological solutions to ensure data privacy laws are not breached and cybersecurity breaches are protected against. The Company ensures ongoing monitoring and updating of technologies and cyberattack strategies to mitigate cybersecurity, data and privacy threats.
- The Company continues to recognise the need to focus on investing in talent within the business. For many years now, this has involved ensuring that the Company has the right people and investing in skills, training and technology in order to meet the rapidly changing technology development and needs within the marketing and advertising business.
- The Company continuously monitors and assesses credit offered to clients to ensure the amount are recoverable and do not become excessive. Management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.
- With the potential of an adverse impact from "Brexit" in the UK being a risk and uncertainty in 2020 and 2021, the Company assessed the potential impact of the changes on the way the business works and planned ahead as far as was possible, in order to make changes to the business where it made sense to do so. However, the impact, in comparison to the COVID-19 pandemic has so far been minimal to the business.

Strategy and future developments

There are no significant future developments anticipated. The Company is expected to continue to act as a holding company for certain subsidiary undertakings.

On behalf of the Board


Simon Topping (Sep 15, 2021 13:20 GMT+1)

S Topping
Director
15 September 2021

AMS Advanced Marketing Services Investments Limited

Directors' Report for the year ended 31 December 2020

The directors present their report and audited financial statements of AMS Advanced Marketing Services Investments Limited (the "Company") registered number 1302243 for the year ended 31 December 2020.

Future developments

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

Dividends

The directors did not recommend the payment of a dividend during the year (2019: £nil).

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the nature of the Company being a holding Company, the directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department follows the policy and procedures manual provided by the Company's ultimate parent company that sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by the Company's ultimate parent company.

Political donations

The Company made no political donations in 2020 (2019: £nil).

Branches outside the UK

The Company has no branches outside the UK.

Disabled employees and Employee involvement

The Company has no employees.

Directors

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

	Date of Resignation
C A Peterson	
M Thomas	6 February 2020
S Topping	

Events post statement of financial position

No material events post statement of financial position have occurred.

AMS Advanced Marketing Services Investments Limited

Directors' Report for the year ended 31 December 2020 (continued)

Statement of directors' responsibilities

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

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

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

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

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

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006;
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2020 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company;

Disclosure of information to auditors in the Directors' Report

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.


In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have 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 group and company's auditors are aware of that information.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

On behalf of the Board


Simon Topping (Sep 15, 2021 13:20 GMT+1)

S Topping
Director
15 September 2021

Independent auditors' report to the members of AMS Advanced Marketing Services Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, AMS Advanced Marketing Services Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report, Strategic Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of AMS Advanced Marketing Services Investments Limited *(continued)*

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the General Data Protection Regulation (GDPR), Companies Act 2006, Anti-Bribery and Corruption legislation, Anti-Money Laundering legislation, UK tax, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management's bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Addressing the risk of management override of internal controls, including testing of journal entries (in particular, journal entries posted with an unusual account combination);
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates; and
- Enquiring of management and review of internal audit reports in so far as they related to the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of AMS Advanced Marketing Services Investments Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 September 2021

AMS Advanced Marketing Services Investments Limited

Statement of comprehensive income For the year ended 31 December 2020

	Note	2020 £000's	2019 £000's
Administrative expenses		(9)	(8)
Operating loss	5	(9)	(8)
Interest receivable and similar income	6	18	27
Income from shares in group undertakings	7	415	-
Exceptional item - loss on disposal of investments	9	(8)	-
Profit before taxation		416	19
Tax on profit	8	3	7
Profit for the financial year		419	26

All operations are continuing.


AMS Advanced Marketing Services Investments Limited

Statement of financial position As at 31 December 2020

	Note	2020 £000's	2019 £000's
Fixed assets			
Investments	9	116,007	116,015
		<u>116,007</u>	<u>116,015</u>
Current assets			
Debtors	10	1	3
Cash at bank and in hand		2,624	2,196
		<u>2,625</u>	<u>2,199</u>
Creditors: amounts falling due within one year	11	(9)	(10)
Net current assets		<u>2,616</u>	<u>2,189</u>
Total assets less current liabilities		<u>118,623</u>	<u>118,204</u>
Net assets		<u>118,623</u>	<u>118,204</u>
Capital and reserves			
Called up share capital	12	1	1
Share premium account		105,907	105,907
Cumulative translation reserve		278	278
Retained earnings		12,437	12,018
Total equity		<u>118,623</u>	<u>118,204</u>

The notes on pages 12 to 20 are an integral part of these financial statements.

The financial statements on pages 9 to 20 were authorised for issue by the board of directors on 15 September 2021 and were signed on its behalf.


Simon Topping (Sep 15, 2021 13:20 GMT+1)

S Topping
Director
AMS Advanced Marketing Services Investments Limited
Registered No. 1302243

AMS Advanced Marketing Services Investments Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £000's	Cumulative translation reserve £000's	Share premium account £000's	Retained earnings £000's	Total Equity £000's
At 1 January 2019	1	278	-	11,992	12,271
Profit for the financial year	-	-	-	26	26
Shares issued	-	-	105,907	-	105,907
At 31 December 2019	1	278	105,907	12,018	118,204

	Called up share capital £000's	Cumulative translation reserve £000's	Share premium account £000's	Retained earnings £000's	Total Equity £000's
At 1 January 2020	1	278	105,907	12,018	118,204
Profit for the financial year	-	-	-	419	419
At 31 December 2020	1	278	105,907	12,437	118,623

On 20 December 2019 the Company allotted two ordinary shares of £1 each, with a total share premium of £105,907,000 to its parent company AMS Advanced Marketing Services Limited.

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020

1 General information

The Company's principal activity during the year was to act as a holding company for certain subsidiary undertakings.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 135 Bishopsgate, London, UK, EC2M 3TP.

2 Statement of compliance

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

3 Summary of significant accounting policies

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

a) Basis of preparation

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

c) Exemptions for qualifying entities under FRS 102

As a qualifying entity, the Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, The Interpublic Group of Companies, Inc., includes the Company's cash flows in its own consolidated financial statements.

The Company has also taken advantage of the exemption, under FRS 102 paragraph 1.12(c), to the disclosure requirements of FRS 102 section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A, and FRS 102 section 12 Other Financial Instrument Issues, paragraphs 12.26 to 12.29A, on the basis that it is a qualifying entity and the consolidated financial statements of The Interpublic Group of Companies, Inc., include the equivalent disclosures.

d) Consolidated financial statements

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

e) Interest income

Interest income is recognised using the effective interest rate method.

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

f) Foreign currencies

The Company's functional and presentation currency is pound sterling. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising from the revaluation of foreign currency assets and liabilities are taken to the statement of comprehensive income during the year to which they relate.

g) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred taxation assets and liabilities are not discounted.

Corporation tax payable is provided on taxable profits and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the statement of financial position date. Timing differences are differences between a company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates and laws that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on a non-discounted basis in line with FRS 102.

i) Investments

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

The Company makes an estimate of the recoverable value of its investments in subsidiaries. When assessing the potential impairment of investments, management considers factors including whether there has been a triggering event that requires an impairment test to be carried out.

j) Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

k) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including debtors and cash at bank and in hand balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets, including equity investments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including creditors and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as creditors: amounts falling due over one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

l) Called up share capital

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

m) Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

n) Related party disclosures

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

o) Netting off policy

Balances with other companies in The Interpublic Group of Companies, Inc. are stated gross, unless all of the following conditions are met:

- (i) The Company and the counterparty owe each other determinable monetary amounts, denominated either in the same currency, or in different but free convertible currencies;
- (ii) The Company has the ability to insist on a net settlement; and
- (iii) The Company's ability to insist on a net settlement is assured beyond doubt. For this to be the case it is necessary that the debit balance mature no later than the credit balance. It is also necessary that the Company's ability to insist on a net settlement would survive the insolvency of the counterparty.

4 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Carrying value of investments (note 9)

The Company makes an estimate of the recoverable value of its investments in subsidiaries. When assessing the potential impairment of investments, management considers factors including whether there has been a triggering event that requires an impairment test to be carried out. When the reasons for the impairment loss have ceased to apply, the directors consider whether to reverse the impairment to its recoverable amount should it exceed its carrying amount. A discounted cash flow model based on forecasted financial performance is used to calculate the recoverable amount. See note 9 for the carrying value of investments.

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

5 Operating loss

The following amounts have been charged in arriving at the operating loss:

	2020 £000's	2019 £000's
Remuneration of auditors		
- Statutory audit fees	6	5

No non-audit services were provided by the auditors during the year 2020 or 2019.

No remuneration or fees were paid by the Company to its directors during the year (2019: £nil). Directors' emoluments have been reflected in the Company where the directors have spent a significant portion of their time.

There were no persons under contracts of employment with the Company during the year 2020 or 2019.

6 Interest receivable and similar income

	2020 £000's	2019 £000's
Interest receivable on bank accounts	18	27
	<u>18</u>	<u>27</u>

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Income from shares in group undertakings

	2020 £000's	2019 £000's
Dividends received from subsidiary undertaking	415	-

8 Tax on profit

	2020 £000's	2019 £000's
Current taxation		
UK corporation taxation	-	3
	-	3
Adjustments in respect of prior years		
- UK corporation taxation	(3)	(10)
Total current taxation	(3)	(7)
Tax on profit	(3)	(7)

Factors affecting the tax charge for the year

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The difference is explained below:

	2020 £000's	2019 £000's
Profit before taxation	416	19
Profit before taxation at the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	79	3
Effects of:		
Expenses not deductible for taxation purposes	1	-
Income exempt from corporation tax	(78)	-
Group relief for nil consideration	(2)	(1)
Adjustments in respect of prior years	(3)	(9)
Total tax for the year	(3)	(7)

A previously enacted reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020 was reversed so the rate continues to be 19%.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. As the proposal to increase the rate to 25% has not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. It is not expected that this increase will have a material impact on the deferred tax balances.

At 31 December 2020 there were unused trading losses and non-trading deficits of £nil (2019: £nil) that are available indefinitely for offset against the Company's future taxable profits, and capital losses of £7,607,000 (2019: £7,607,000) that are available for offset indefinitely against the Company's future capital gains.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures, as the Company has no liability to additional taxation should such amounts be remitted.

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Investments

	£000's
Investment in subsidiaries:	
At 31 December 2019	
Cost	124,655
Accumulated provision for impairment	(8,640)
Net book value	116,015
Cost	
At 1 January 2020	124,655
Disposals	(8)
At 31 December 2020	124,647
Provision for impairment:	
At 1 January 2020 and 31 December 2020	(8,640)
Net book value:	
At 31 December 2020	116,007
At 31 December 2019	116,015

Disposals

On 15 January 2020, the Company received a final dividend of £415,000 from CMGRP (Malaysia) Sdn Bhd. On 21 January 2020, the Company disposed of its 91.67% owned subsidiary CMGRP (Malaysia) Sdn Bhd, resulting in a loss on disposal of £8,000 which has been charged to the Statement of Comprehensive Income.

Impairment in carrying value

In accordance with FRS 102, an impairment review has been performed where a triggering event has occurred demonstrating an indicator of impairment.

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

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Investments (continued)

The Company has the following investments as at 31 December 2020 which are directly owned outside of the United Kingdom.

Name	Country	Registered office	Share class(es)	Share ownership %
Constituency Management Group Iberica S.A.U.	Spain	Paseo de la Castellana 135, 11th Floor, 28046, Madrid, Spain	Ord €60.10	100.00%
IPG DXTRA India Private Limited	India	IndiQube, The Leela Galleria, 6th Floor, 23 Old Airport Road, Kodihalli, Bengaluru, Karnataka, 560008, India	Ord INR10	35.14%
Interpublic AMS Inc.	United States	909 Third Avenue, New York NY 10022, United States	Ord US\$1	100.00%

The Company has the following investments as at 31 December 2020 which are indirectly owned outside of the United Kingdom.

Alpha Grupo de Comunicación Científica S.L.	Spain	Balmes 184, Atico 3, 08006, Barcelona, Spain	Ord €1	60.00%
IPG DXTRA, Inc.	United States	909 Third Avenue, New York NY 10022, United States	Ord US\$1	26.22%
Golin/Harris International, Inc.	United States	875 North Michigan Ave, Chicago IL 60611, United States	Ord US\$.01	82.86%

10 Debtors

Debtors: amounts falling due within one year

	2020 £000's	2019 £000's
Other debtors	1	3
	<u>1</u>	<u>3</u>

AMS Advanced Marketing Services Investments Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Creditors: amounts falling due within one year

	2020 £000's	2019 £000's
Corporation Tax	1	6
Accruals and deferred income	8	4
	<u>9</u>	<u>10</u>

12 Called up share capital

	2020 Number	2019 Number	2020 £	2019 £
Allotted and fully paid:				
A ordinary shares of £1.00 each	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>

13 Contingent liabilities

The Company is not party to any commitments or guarantees including composite cross guarantees between banks and fellow subsidiaries except for The Interpublic Group of Companies, Inc. pooling arrangements with Lloyds Banking Group plc. The interest rate is linked to a variable base rate and borrowings are secured by parent company guarantees.

14 Events after the reporting period

No material events post statement of financial position have occurred.

15 Company information

The Company is registered in England and Wales and its registered office is at 135 Bishopsgate, London, UK, EC2M 3TP.

16 Ultimate parent undertaking and controlling party

The immediate parent undertaking is AMS Advanced Marketing Services Limited, a company registered in England and Wales. Copies of its financial statements are available 135 Bishopsgate, London, EC2M 3TP.

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

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2020.

The consolidated financial statements for The Interpublic Group of Companies, Inc. can be obtained from 909 Third Avenue, New York, NY 10022, USA.