

Registration number 1581935

Rapp Limited

Strategic Report, Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2014

THURSDAY



S4LHOBMZ

SPE

03/12/2015

#78

COMPANIES HOUSE

Rapp Limited Contents

Strategic Report	1 to 2
Directors' Report	3
Statement of Directors' Responsibilities in respect of the Strategic Report and the Directors' Report and the Financial Statements	4
Profit and Loss Account	5
Balance Sheet	6
Reconciliation of movement in shareholders' funds	7
Notes to the Financial Statements	8 to 22

Rapp Limited

Strategic Report for the Year Ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014

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)

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

Financial Performance

The key indicators that we focus on are revenue, staff costs, operating margin and administrative expenses. As a service business, we monitor these costs on a percentage of revenue basis. Staff costs tend to fluctuate in conjunction with changes in revenue, whereas administrative expenses, which are not directly related to servicing clients, tend to decrease as a percentage of revenue as revenue increases because a significant portion of these expenses are relatively fixed in nature.

We measure operating expenses in two distinct cost categories: overhead staff costs and all other administrative expenses. Staff costs are primarily comprised of salaries, social security and employer pension contributions. While office and general expenses are primarily composed of rent and occupancy costs, technology related costs and depreciation.

During 2014 revenues decreased by 8%. However gross profit margin increased by 5% as a result of changes to mix in client spend, related expenses passed on at cost and on-going focus on cost management. Likewise, this has improved our operating margin to 17% for 2014 (2013: 13%) resulting in an operating profit of £6,938,009.

Administrative expenses, net of staff costs, were 23% of revenue compared to 22% in 2013. 2015 will see a continuing focus on driving operational efficiencies.

Omnicom Group's UK banking arrangements are managed on a zero-balance basis. As a consequence the company's cash balance is disclosed as an intercompany debtor with the Group's UK treasury company, Omnicom Finance Plc.

Position of the Company at the year end

The company finished the year quite healthily with operating margins ending strong relative to the year's average.

Rapp Limited
Strategic Report for the Year Ended 31 December 2014

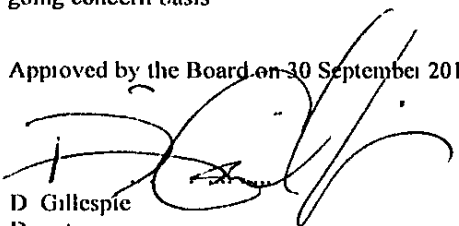
The main trends and factors likely to affect future development, performance and position of the Company's business

The economy and clients' budgets have significant impact on our business and the businesses in which we participate are highly competitive. Key competitive considerations for keeping existing business and winning new business include our ability to develop creative solutions that meet client needs, the quality and effectiveness of the services we offer, and our ability to serve clients efficiently. While many of our client relationships are long standing, companies put their advertising and marketing business up for competitive review from time to time. We have won and lost accounts in the past as a result of these reviews. To mitigate some of the risks associated with client competitive reviews, cyclicalities and other fluctuations in marketing spend from industry to industry, we continue to maintain and pursue a diverse client base. To the extent that we are not able to remain competitive, our revenue may be adversely affected, which could then affect our results of operations and financial condition.

In addition, we may lose or fail to attract and retain key personnel. Our employees are our most important assets and the ability to retain key personnel is an important aspect of our competitiveness. Our continuing ability to attract and retain those employees is important to the business and if we are unable to do so our ability to provide 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 client, which could have a material adverse effect on the results of operations and financial condition.

At the end of the year the Company had net current assets of £8,672,684 (2013: £7,185,809). The directors consider that the Company has access to sufficient funding to meet its funding requirements for the reasons set out in note 1 to the financial statements. Accordingly the directors have prepared the financial statements on a going concern basis.

Approved by the Board on 30 September 2015 and signed on its behalf by


D Gillespie
Director

Rapp Limited
Directors' Report for the Year Ended 31 December 2014

The directors present their report and the unaudited financial statements for the year ended 31 December 2014

Principal activity

The company is a data driven marketing services business and part of the global RAPP network. It specialises in developing and executing integrated marketing and communications strategies encompassing CRM programmes, direct response marketing, creative and digital services. The full service nature of the business means it can offer integrated online and offline strategies including media planning and buying and related ancillary services, as well as marketing consultancy. The directors do not envisage any change in the nature of the company's business in the foreseeable future.

Dividends

On 3 March 2014 the directors paid a dividend in respect of the year ended 31 December 2013 of £1.17 per share totalling £2,335,000.

On 15 August 2014 the directors paid an interim dividend in respect of the year ended 31 December 2014 of £0.99 per share totalling £1,980,000 (2013: £2,175,000).

Directors of the Company

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

I. Haworth

M. Scognamiglio

J. C. B. Whitworth (resigned 31 October 2014)

D. Gillespie

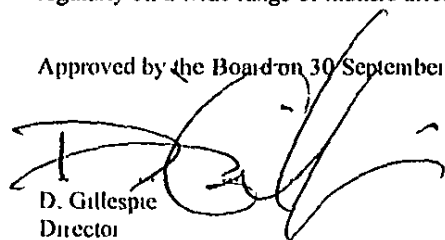
S. Nolan

P. D. Trueman - (appointed 30 April 2014)

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Approved by the Board on 30 September 2015 and signed on its behalf by



D. Gillespie
Director

1 Riverside
Manbre Road
London
W6 9WA

Rapp Limited
Statement of Directors' Responsibilities in respect of the Strategic Report and the
Directors' Report and the Financial Statements

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

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

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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Rapp Limited
Profit and Loss Account for the Year Ended 31 December 2014

	Note	2014 £	2013 £
Gross billings		66,301,562	69,565,960
Rebillable costs		<u>(25,191,073)</u>	<u>(24,907,628)</u>
Revenue		41,110,489	44,658,332
Direct costs		<u>(5,744,104)</u>	<u>(8,561,533)</u>
Gross profit		35,366,385	36,096,799
Administrative expenses		<u>(28,428,376)</u>	<u>(30,352,811)</u>
Operating profit	3	6,938,009	5,743,988
Other exceptional items	4	(2,060,000)	-
Other interest receivable and similar income	7	<u>15,290</u>	<u>13,397</u>
Profit on ordinary activities before taxation		4,893,299	5,757,385
Tax on profit on ordinary activities	8	<u>(1,139,860)</u>	<u>(1,256,448)</u>
Profit for the financial year	18	<u>3,753,439</u>	<u>4,500,937</u>

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

Rapp Limited
Registration number: 1581935

Balance Sheet as at 31 December 2014

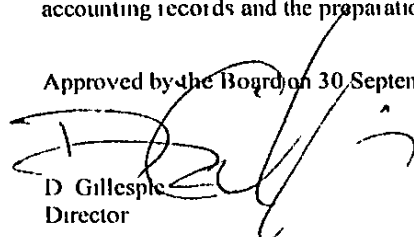
	Note	2014 £	2013 £
Fixed assets			
Intangible assets	10	22,895	40,738
Tangible assets	11	652,292	786,701
Investments	12	60,000	60,000
		<u>735,187</u>	<u>887,439</u>
Current assets			
Stocks	13	696,415	579,614
Debtors	14	22,325,630	20,270,619
Cash at bank and in hand		1,451	1,244
		<u>23,023,496</u>	<u>20,851,477</u>
Creditors Amounts falling due within one year	15	<u>(14,350,812)</u>	<u>(13,665,668)</u>
Net current assets		<u>8,672,684</u>	<u>7,185,809</u>
Total assets less current liabilities		9,407,871	8,073,248
Creditors Amounts falling due after more than one year	16	<u>(2,060,000)</u>	<u>(163,816)</u>
Net assets		<u>7,347,871</u>	<u>7,909,432</u>
Capital and reserves			
Called up share capital	17	497,907	497,907
Share premium reserve	18	1,208,054	1,208,054
Profit and loss account	18	<u>5,641,910</u>	<u>6,203,471</u>
Shareholders' funds		<u>7,347,871</u>	<u>7,909,432</u>

For the year ending 31 December 2014 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the Board on 30 September 2015 and signed on its behalf by


D Gillespie
Director

Rapp Limited

Reconciliation of movement in shareholders' funds for the Year Ended 31 December 2014

	2014 £	2013 £
Profit attributable to the members of the Company	3,753,439	4,500,937
Dividends	(4,315,000)	(5,690,000)
Share based payments expense	-	69,984
Recharge from Omnicom Group Inc in respect of share based payments	-	(20,044)
Net reduction to shareholders funds	(561,561)	(1,139,123)
Shareholders' funds at 1 January	<u>7,909,432</u>	<u>9,048,555</u>
Shareholders' funds at 31 December	<u>7,347,871</u>	<u>7,909,432</u>

Rapp Limited

Notes to the Financial Statements

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group accounts as the Company is included in the consolidated accounts DAS UK Investments Ltd, a parent undertaking established under the law of the United Kingdom. These financial statements present information about the Company as an individual undertaking and not about its group

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

The Company has net current assets of £8,672,684 at 31 December 2014 (2013 £7,185,809). The directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out below. Accordingly, the directors have prepared the financial statements on a going concern basis.

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

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

The directors consider the combination of the group facilities and expected funding requirements of the Omnicom Group Inc and its subsidiaries provides sufficient access to funding to ensure that the Company is able to meet its liabilities as they fall due for the foreseeable future. Accordingly, the directors have prepared the financial statements as a going concern.

As the Company is a wholly owned subsidiary of Omnicom Group Inc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Omnicom Group Inc, within which this Company is included, can be obtained from the address given in note 23.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Rapp Limited

Notes to the Financial Statements

Fixed assets and depreciation

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

Asset class	Depreciation method and rate
Plant and Machinery	Years
	10% to 15% on cost or over the period of lease, or over the period to the first rent break if shorter
Leasehold improvements	
	Over the period to the first rent break or period of the lease
Leasehold land and buildings	
Furniture and equipment	15% to 33 3% per annum
Computer hardware	33 3% per annum

Foreign currency

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

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

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

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.

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

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

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

Rapp Limited

Notes to the Financial Statements

Stock and Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost consists of direct expenses incurred on unbilled work. Net realisable value is based on estimated sales value less further costs to completion.

Work in progress consists of amounts spent by the Company on behalf of its clients which have not been recharged to clients by the end of the year.

Taxation

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

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

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Rapp Limited
Notes to the Financial Statements

2 Turnover

An analysis of revenue by geographical location by destination is given below

2014	UK	Europe	Rest of	Total
	£	£	World	£
External revenue	<u>38,766,301</u>	<u>1,626,962</u>	<u>717,226</u>	<u>41,110,489</u>

2013	UK	Europe	Rest of	Total
	£	£	World	£
External revenue	<u>42,743,292</u>	<u>1,234,094</u>	<u>680,946</u>	<u>44,658,332</u>

An analysis of revenue by class of business is given below.

2014	eCRM, Digital & Data Revenues	Other Marketing Services	Total
	£	£	£
External revenue	<u>27,015,909</u>	<u>14,094,580</u>	<u>41,110,489</u>

2013	eCRM, Digital & Data Revenues	Other Marketing Services	Total
	£	£	£
External revenue	<u>28,549,177</u>	<u>16,109,155</u>	<u>44,658,332</u>

Rapp Limited
Notes to the Financial Statements

3 Operating profit

Operating profit is stated after charging/(crediting)

	2014 £	2013 £
Depreciation and other assets written off tangible fixed assets owned	435,867	369,754
Amortisation of software	29,879	31,757
Net exchange losses	42,025	20,804
Hire of plant and machinery - rentals payable under operating leases	270,747	293,922
Hire of other assets - rentals payable under operating leases	<u>2,086,382</u>	<u>1,860,401</u>

4 Exceptional items

	2014 £	2013 £
Other exceptional item	<u>2,060,000</u>	<u>-</u>

During the year ended 31 December 2014, the company incurred an exceptional cost of £2,060,000 as a result of an early termination of the company's lease giving rise to a dilapidation liability

5 Directors' remuneration

	2014 £	2013 £
Directors' emoluments	860,000	862,985
Amounts paid to third parties in respect of directors' services	216,292	207,671
Amounts receivable under long term incentive schemes	91,823	143,507
	<u>1,168,115</u>	<u>1,214,163</u>
Company contributions to money purchase pension schemes	21,362	21,362
	<u>1,189,477</u>	<u>1,235,525</u>

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

	2014 No.	2013 No.
Exercised share options	<u>1</u>	<u>2</u>
Accruing benefits under money purchase pension scheme	<u>-</u>	<u>2</u>

In respect of the highest paid director

	2014 £	2013 £
Remuneration	355,000	345,250
Benefits under long-term incentive schemes (excluding shares)	35,142	40,739
Company contributions to money purchase pension schemes	<u>12,000</u>	<u>12,000</u>

Rapp Limited
Notes to the Financial Statements

During the year, share options with a value of £nil (2013 £70,346) were exercised

6 Staff numbers and costs

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

	2014 No.	2013 No.
Administration and support	61	62
Other departments	279	321
	<u>340</u>	<u>383</u>

The aggregate payroll costs were as follows

	2014 £	2013 £
Wages and salaries	16,313,558	17,693,229
Social security costs	2,114,668	2,290,324
Other pension schemes	442,550	348,243
	<u>18,870,776</u>	<u>20,331,796</u>

7 Other interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	<u>15,290</u>	<u>13,397</u>

Rapp Limited
Notes to the Financial Statements

8 Taxation

Tax on profit on ordinary activities

	2014	2013
	£	£
Current tax		
Current tax on income for the period	1,114,651	1,392,906
Adjustments in respect of previous years	(158)	7,481
UK Corporation tax	<u>1,114,493</u>	<u>1,400,387</u>
Total current tax	<u>1,114,493</u>	<u>1,400,387</u>
Deferred tax		
Origination and reversal of timing differences	(21,370)	(155,592)
Effect of increased/decreased tax rate on opening liability	17,443	19,134
Changes in amount of discount deducted	29,294	-
Adjustment in respect of previous years	<u>-</u>	<u>(7,481)</u>
Total deferred tax	<u>25,367</u>	<u>(143,939)</u>
Total tax on profit on ordinary activities	<u>1,139,860</u>	<u>1,256,448</u>

Factors affecting current tax charge for the year

The current tax charge on profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (2013 - higher than the standard rate of corporation tax in the UK) of 21.5% (2013 - 23.25%)

The differences are reconciled below

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>4,893,299</u>	<u>5,757,385</u>
Corporation tax at standard rate	1,052,059	1,338,592
Capital allowances in excess of depreciation	(7,657)	13,384
Other timing differences	8,672	16,361
Expenses not deductible for tax purposes	61,577	28,083
Adjustment for prior periods	(158)	7,481
Share based payment expense	<u>-</u>	<u>(3,514)</u>
Total current tax	<u>1,114,493</u>	<u>1,400,387</u>

Rapp Limited
Notes to the Financial Statements

Accounting periods ending after the substantive enactment of the reduction to 23% and 21%

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

9 Dividends

	2014 £	2013 £
Dividends paid		
Current year dividend paid	<u>4,315,000</u>	<u>5,690,000</u>

10 Intangible fixed assets

	Software £
Cost	
At 1 January 2014	714,733
Additions	<u>12,036</u>
At 31 December 2014	<u>726,769</u>
Amortisation	
At 1 January 2014	673,995
Charge for the year	<u>29,879</u>
At 31 December 2014	<u>703,874</u>
Net book value	
At 31 December 2014	<u>22,895</u>
At 31 December 2013	<u>40,738</u>

Rapp Limited
Notes to the Financial Statements

11 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings, tools and equipment £	Total £
Cost			
At 1 January 2014	4,054,355	672,138	4,726,493
Additions	208,433	93,025	301,458
Transfers between items	123,643	1,141,664	1,265,307
At 31 December 2014	<u>4,386,431</u>	<u>1,906,827</u>	<u>6,293,258</u>
Depreciation			
At 1 January 2014	3,408,549	531,243	3,939,792
Charge for the year	377,283	58,584	435,867
Transfers between items	123,643	1,141,664	1,265,307
At 31 December 2014	<u>3,909,475</u>	<u>1,731,491</u>	<u>5,640,966</u>
Net book value			
At 31 December 2014	<u>476,956</u>	<u>175,336</u>	<u>652,292</u>
At 31 December 2013	<u>645,806</u>	<u>140,895</u>	<u>786,701</u>

12 Fixed asset investment

	Shares in group undertakings £
Cost	
At 1 January 2014	<u>60,000</u>
At 31 December 2014	<u>60,000</u>
Net book value	
At 31 December 2014	<u>60,000</u>
At 31 December 2013	<u>60,000</u>

Rapp Limited
Notes to the Financial Statements

Investments held as fixed assets

Details of undertakings

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

Undertaking	Company Number	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
CDS EMEA Ltd (formerly Rapp CDS EMEA Ltd)		UK	Ordinary	100%	Provision of Information Technology Services

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

13 Stocks

	2014	2013
	£	£
Work in progress	<u>696,415</u>	<u>579,614</u>

Rapp Limited
Notes to the Financial Statements

14 Debtors

	2014	2013
	£	£
Trade debtors	11,847,534	11,296,841
Amounts owed by group undertakings - trading balances	677,633	312,096
Amounts owed by group undertakings - loans and advances	4,319,792	5,766,726
Other debtors	2,470,185	1,395,320
Deferred tax asset	308,809	334,175
Prepayments and accrued income	<u>2,701,677</u>	<u>1,165,461</u>
	<u>22,325,630</u>	<u>20,270,619</u>

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, the Omnicom Europe Limited group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance plc or by Omnicom Finance plc depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is £4,319,792 (2013 £5,766,726) representing cash deposited by the Company under these arrangements.

Rapp Limited
Notes to the Financial Statements

Deferred tax

The movement in the deferred tax asset in the year is as follows

Analysis of deferred tax

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	150,893	189,776
Other timing differences	157,916	144,399
	<u>308,809</u>	<u>334,175</u>

15 Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	5,060,547	4,485,693
Amounts owed to group undertakings - trading balances	545,418	702,708
Amounts owed to group undertakings - loans and advances	1,770,587	154,242
Taxation and social security	1,048,820	2,571,932
Accruals and deferred income	5,925,440	5,751,093
	<u>14,350,812</u>	<u>13,665,668</u>

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, the Omnicom Europe Limited group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance plc or by Omnicom Finance plc depositing cash with the Company. Included in Amounts owed to group undertakings is £1,770,587 (2013: £154,242) representing amounts borrowed by the Company under these arrangements.

16 Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Other creditors	2,060,000	163,816

17 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £0.25 each	1,991,628	497,907	1,991,628	497,907

Rapp Limited
Notes to the Financial Statements

18 Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 January 2014	1,208,054	6,203,471	7,411,525
Profit for the year	-	3,753,439	3,753,439
Dividends	-	(4,315,000)	(4,315,000)
At 31 December 2014	<u>1,208,054</u>	<u>5,641,910</u>	<u>6,849,964</u>

19 Commitments

Annual commitments under non-cancellable operating leases are as follows

Non cancellable operating leases

	2014		2013	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within 1 year	1,827,089	135,865	148,500	165,350
2 to 5 years	185,607	96,222	1,827,089	107,797
Over 5 years	-	-	-	-
	<u>2,012,696</u>	<u>232,087</u>	<u>1,975,589</u>	<u>273,147</u>

20 Pension schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £348,243 (2013: £329,203).

Contributions amounting to £84,727 (2013: £64,088) were payable to the scheme and are included in creditors.

21 Post balance sheet events

On the 20th February 2015 a 2014 dividend of £3,024,000 was approved and paid to DAS UK Investments Limited. These have not been included in the accounts, as required by IFRS 21.

Rapp Limited Notes to the Financial Statements

22 Share-based payments

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

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

During the year ended 31 December 2014, the Company recognised an expense of £nil (2013: £nil) in respect of outstanding share awards.

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

	2009
Fair value at measurement date \$	3 511
Weighted average share price \$	23.40
Exercise price \$	23.40
Expected volatility (expressed as 5 year historical monthly used in the modelling under Black Scholes model)	19.61%
Option life in years	5
Expected dividends	2.458%
Risk-free interest rate (based on national government bonds)	1.67%

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

Share options are granted under a service condition and. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

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

Rapp Limited
Notes to the Financial Statements

	2014	2014	2013	2013
	Weighted average exercise price \$	Number of options	Weighted average exercise price \$	Number of options
At beginning of year	-	-	23.40	3,000
Granted	-	-	-	-
Exercised	-	-	23.40	(3,000)
Lapsed	-	-	-	-
Forfeited	-	-	-	-
Outstanding options at end of the year	-	-	-	-
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 £nil (2013 £20,044)

The weighted average share price at the date of exercise of share options exercised during the year was \$nil (2013 \$59.29)

23 Ultimate parent company

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

The largest group in which the results of the Company are consolidated is that headed by Omnicom Group Inc. The consolidated accounts of this company are available to the public and may be obtained from Omnicom Group Inc, 437 Madison Avenue, New York, NY10022, USA

The Company is also consolidated into DAS UK Investments Limited and these accounts may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, Wales