

Parent for:
2549829

Registration number: 3097778

DAS UK Investments Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2019

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DAS UK Investments Limited

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DAS UK Investments Limited

Strategic Report for the year ended 31 December 2019

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

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

Fair review of the business

The group consists of companies operating in various marketing communications disciplines including branding, experiential, digital/direct marketing, field marketing, healthcare, public relations, research, publishing/content marketing and advertising.

The key indicators that we review focus on revenue, staff costs and operating margin. Our revenue decreased by 0.5% (2018: 4.4% decrease) with a range of performances across different businesses.

Because we are a service business, we monitor expenses on a percentage of revenue basis. We measure expenses in two distinct cost categories, staff costs and all other operating expenses. Staff costs are primarily comprised of salaries, social security and employer pension contributions. Other operating expenses are primarily comprised of rent and occupancy costs, technology related costs and depreciation. Staff costs tend to fluctuate in conjunction with changes in revenue whereas other operating costs tend to be relatively fixed in nature. Staff costs reduced to 43.8% (2018: 44.2%) of revenue.

Our operating margin increased to 10.4% (2018: 8.9%) with a range of performances across different businesses.

At the end of the year the group had net current assets of £56.9m (2018: £70.8m) - a decrease of £13.9m. This is mainly a result of dividends paid by the group in the year (£50.5m) exceeding profit for the year (£35.7m) by £14.8m.

The directors consider that the group has access to sufficient funds to meet its needs for the reasons set out in note 1 to the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

DAS UK Investments Limited

Strategic Report for the year ended 31 December 2019

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 of operations 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 of operations and financial position.

We rely on information technology systems and infrastructure to process transactions, summarize results and manage our business, including maintaining client marketing and advertising information. Our information technology systems are potentially vulnerable to system failures and network disruptions, malicious intrusion and random attack.

Likewise, data security incidents and breaches by employees and others with or without permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public. Additionally, we utilize third parties, including cloud providers, to store, transfer or process data. Whilst we have taken what we believe are prudent measures to protect our data and information technology systems, there can be no assurance that our efforts will prevent failures or network disruptions or breaches in our systems, or in systems of third parties we use, that could adversely affect our reputation or business.

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

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

DAS UK Investments Limited

Strategic Report for the year ended 31 December 2019

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

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

As described in the Directors' report, the Covid-19 pandemic has significantly impacted the global economy. Due to the diverse nature of the businesses within the group, although we saw revenues fall slightly in 2020, this decrease wasn't significant and together with the actions taken to align our costs accordingly will not result in a material fall in our underlying operating results in 2020. The directors are confident of the outlook for 2021 and beyond.

In June 2016 the UK electorate voted in a referendum to discontinue the UK membership of the EU ('Brexit'). This withdrawal took place on 31 January 2020, with the UK commencing a transition period during which it remained subject to EU law and continued to be part of the EU customs union and single market. This transition period ended on 31 December 2020 and was replaced by a free trade agreement between the UK and the EU.

There has been no material adverse impact of Brexit to the group to date and due to the nature, size and diversity of businesses within the group, servicing different markets, sectors, customers and locations the directors do not believe there will be a significant overall impact. The group continues to monitor developments in this respect carefully and to work closely with Omnicom and advisers to assess the impact of the free trade agreement on the group.

Section 172 (1) statement

When making decisions, the directors of the company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Group's employees;
- (c) the need to foster the Group's business relationships with suppliers, customers and others;
- (d) the impact of the Group's operations on the community and the environment;
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

In discharging their duties in respect of s.172(1) the directors have had regard to the factors set out above.

As a member of the DAS group of companies and a wholly owned subsidiary of DAS Europe Limited and the wider Omnicom global network, all decisions taken by the directors are made with a view to the long term and in full collaboration with these networks – whether at practice area level, DAS global level or Omnicom level.

DAS UK Investments Limited

Strategic Report for the year ended 31 December 2019

The group is focused on recruiting, developing and retaining the best talent, and our subsidiaries are committed to providing ongoing training and education for our staff. Regular staff surveys are undertaken to listen to our teams and ensure we have pathways to communicate and motivate our staff, providing sustainable long-term careers.

Our subsidiaries hold regular client review meetings, and closely monitor their conversion of new work, to ensure they are meeting or exceeding their client's expectations. Long term relationships with our clients are a key metric for measuring the success of the group.

The group's significant supplier relationships are managed by the Strategic Alliance Services division of Omnicom, providing supplier programs and partnerships across many areas of our business.

Many of the Group's subsidiaries have programs in place allowing and encouraging staff to support their local communities. Environmental concerns are another key focus of the Group's subsidiaries with most now operating in office spaces that actively encourage the use of recyclable products and recycling wherever possible.

All employees of the group are required to adhere to the Omnicom code of business conduct, ensuring we maintain high standards of business conduct at all times.

Approved by the Board on 30 March 2021 and signed on its behalf by:



.....
J H Wardle
Director

DAS UK Investments Limited

Directors' Report for the year ended 31 December 2019

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

Principal activity

The principal activity of the company is that of a holding company and its subsidiaries are agencies providing advertising, marketing, research and communication services.

Dividends

On 31 January 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £658.54 per share totalling £2,700,000.

On 14 February 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £33.41 per share totalling £137,000.

On 22 February 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £3,944.15 per share totalling £16,171,000.

On 28 March 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £497.56 per share totalling £2,040,000.

On 18 April 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £70.99 per share totalling £291,074.

On 28 November 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £966.33 per share totalling £4,058,588.

On 9 December 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £629.81 per share totalling £2,645,190.

On 10 December 2019 the directors paid a dividend in respect of the year ended 31 December 2019 of £4,450.00 per share totalling £18,690,000.

On 17 December 2019 the directors paid a dividend of £320.28 per share totalling £1,345,165 making total dividends paid in the year of £48,078,017 (2018: £33,195,048).

Directors of the group

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

J M W Betts

J H Wardle (appointed 1 January 2019)

DAS UK Investments Limited

Directors' Report for the year ended 31 December 2019

Political and charitable donations

During the year the group made no political donations (2018: £nil). Donations to charity amounted to £27,062 (2018: £23,111).

Engagement with employees

The group recognises the need to ensure effective communication with employees. Senior management of our businesses are regularly informed of developments in group strategic, financial, commercial and personnel matters to enable them to inform and discuss these issues with employees as appropriate.

The group is committed to being an equal opportunities employer and opposes all forms of unlawful discrimination. Our objective is to have a diverse workforce.

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

It is our policy that all employees should have equal opportunities for promotion and training. The group trains and develops its staff in close relationship with various training organisations. The group believes in promoting where possible from within the organisation on the basis of ability and merit.

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.

Engagement with suppliers, customers and other relationships

A majority of the group's subsidiaries operate within Omnicom group wide specialist practice areas (Omnicom PR Group, Omnicom Health Group, Omnicom Precision Marketing Group, Omnicom Commerce Group, Omnicom Brand Consulting Group and Omnicom Speciality Marketing Group) bringing together the best talent, and best in class capabilities and services to deliver meaningful, measurable results for their clients.

The group's subsidiaries hold regular review meetings with their clients to ensure the work they are delivering is meeting or exceeding their client's expectations.

Many of the group's significant supplier relationships are managed by the Strategic Alliance Services division of Omnicom, providing supplier programs and partnerships across many areas of our business.

Post balance sheet events

On 19 June 2020 the company paid a dividend of £479,998. This has not been included in the accounts as it was not approved before the year end.

On 18 December 2020 the company paid a dividend of £995,429. This has not been included in the accounts as it was not approved before the year end.

DAS UK Investments Limited

Directors' Report for the year ended 31 December 2019

The Covid-19 pandemic has significantly impacted the global economy with a consequent impact on our business and the results of our operations. Public health efforts to mitigate the impact of the pandemic have included government actions, both local and national, such as social distancing, travel restrictions, limitations on gatherings, requirements to work from home and other mandatory closures.

Whilst necessary, these actions have impacted a number of our clients' businesses and in turn some of our clients have reduced their demand for our services.

In response to the pandemic the group successfully and quickly moved its workforce to work from home where possible at the end of the first quarter of 2020 and has also sought to realign its cost structures wherever possible to match client revenues.

Further actions taken by the group in response to the pandemic include regular cash flow forecasting, a strong focus on managing working capital and hence our cash position.

We regularly discuss with our clients their needs and demand for our services and seek to align our costs accordingly, regularly forecasting our financial position and modelling a range of scenarios arising from the pandemic.

Due to the diverse nature of the businesses within the group, although we saw overall revenues fall slightly in 2020, this wasn't significant and together with the actions taken to align our costs accordingly will not result in a material overall fall in our underlying operating results in 2020. The directors are confident of the outlook for 2021 and beyond.

The impact of the pandemic on a small number of our subsidiaries has been more significant and could result in impairments being required in the future, the amount of which cannot be estimated at this time. The decision to close two of our businesses was taken during 2020 where longer term impacts were foreseen.

As a result of these actions and forecasts, along with access to borrowings under group facilities to meet its funding requirements as set out in note 1 the directors are confident that the group is a going concern and have prepared the financial statements accordingly.

In May 2020 a merger was announced between Rapp Limited and Proximity London Limited, another Omnicom company. The merger occurred on 31 October 2020 when the business and certain assets and liabilities of Proximity London Limited were transferred to Rapp Limited via a business transfer agreement.

On 8 March 2021 the company received a capital contribution of £17,996,624 from its parent, DAS Europe Limited, in exchange for the allotment of 100 Ordinary shares of £0.01 each at par plus a share premium of £17,996,623. On the same day the company purchased the entire issued share capital of Proximity London Limited from its fellow subsidiary, AMV BBDO Investments Limited, for £17,996,624.

On 8 March 2021 the company received a dividend of £9,412,428 from Proximity London Limited and subsequently paid a dividend on the same day of £9,412,428.

DAS UK Investments Limited

Directors' Report for the year ended 31 December 2019

Disclosure of information to the auditor

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

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.

Approved by the Board on 30 March 2021 and signed on its behalf by:



.....
J H Wardle
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

DAS UK Investments Limited

Statement of Directors' Responsibilities

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 of the 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 DAS UK Investments Limited

Opinion

We have audited the financial statements of DAS UK Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, 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 Notes to the Financial Statements, including the accounting policies in note 1.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

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

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

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.

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities 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 the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

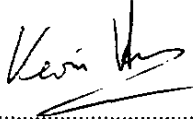
Matters on which we are required to report by exception

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

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

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

We have nothing to report in these respects.



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

30 March 2021

DAS UK Investments Limited

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

| | Note | 2019 £ | 2018 £ |
|---|------|----------------------|----------------------|
| Gross billings | | 514,364,124 | 523,451,694 |
| Rebillable costs | | <u>(53,017,932)</u> | <u>(59,585,436)</u> |
| Revenue | 2 | 461,346,192 | 463,866,258 |
| Direct costs | | <u>(135,407,146)</u> | <u>(147,225,539)</u> |
| Gross profit | | 325,939,046 | 316,640,719 |
| Administrative expenses | | (279,494,928) | (276,925,156) |
| Other operating income | | <u>1,515,733</u> | <u>1,476,389</u> |
| Operating profit | 3 | <u>47,959,851</u> | <u>41,191,952</u> |
| Share of (loss)/profit from participating interests | | 45,962 | 26,119 |
| Other interest receivable and similar income | 7 | 387,550 | 336,329 |
| Gain/(loss) on disposal of fixed asset investments | | (144,545) | - |
| Interest payable and similar expenses | 8 | <u>(1,241,720)</u> | <u>(1,276,839)</u> |
| | | <u>(952,753)</u> | <u>(914,391)</u> |
| Profit before tax | | 47,007,098 | 40,277,561 |
| Taxation | 9 | <u>(11,278,809)</u> | <u>(10,159,876)</u> |
| Profit for the financial year | | <u>35,728,289</u> | <u>30,117,685</u> |
| Profit attributable to: | | | |
| Owners of the company | | 35,398,901 | 29,573,341 |
| Non-controlling interests | | <u>329,388</u> | <u>544,344</u> |
| | | <u>35,728,289</u> | <u>30,117,685</u> |

The results shown above are derived wholly from continuing operations.

DAS UK Investments Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

| | 2019 £ | 2018 £ |
|--|--------------------------|--------------------------|
| Profit for the year | 35,728,289 | 30,117,685 |
| Actuarial gain/(loss) recognised in pensions | <u>(450,955)</u> | <u>(369,360)</u> |
| <i>Total comprehensive income for the year</i> | <u><u>35,277,334</u></u> | <u><u>29,748,325</u></u> |
| Total comprehensive income attributable to: | | |
| Owners of the company | 34,947,946 | 29,203,981 |
| Non-controlling interests | <u>329,388</u> | <u>544,344</u> |
| | <u><u>35,277,334</u></u> | <u><u>29,748,325</u></u> |

The Actuarial gain/(loss) recognised in pensions included in the Statement of Comprehensive Income includes a credit in respect of tax of £86,640 (2018: £86,640).

DAS UK Investments Limited

(Registration number: 3097778)

Consolidated Balance Sheet as at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|------|----------------------|----------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 47,242,938 | 50,682,225 |
| Tangible assets | 12 | 11,039,353 | 8,871,435 |
| Investments | 13 | <u>4,095,159</u> | <u>4,085,923</u> |
| | | <u>62,377,450</u> | <u>63,639,583</u> |
| Current assets | | | |
| Stocks | 14 | 12,598,877 | 16,952,419 |
| Debtors (including £940,866 (2018: £990,913) due after more than one year) | 15 | 198,789,276 | 233,154,301 |
| Cash at bank and in hand | | <u>274,005</u> | <u>354,002</u> |
| | | 211,662,158 | 250,460,722 |
| Creditors: Amounts falling due within one year | 16 | <u>(154,740,060)</u> | <u>(179,611,789)</u> |
| Net current assets | | <u>56,922,098</u> | <u>70,848,933</u> |
| Total assets less current liabilities | | 119,299,548 | 134,488,516 |
| Creditors: Amounts falling due after more than one year | 16 | (2,826,057) | (2,428,161) |
| Provisions for liabilities | 17 | <u>(1,046)</u> | <u>(37,732)</u> |
| Net assets | | <u>116,472,445</u> | <u>132,022,623</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 42 | 41 |
| Share premium reserve | | 31,157,336 | 30,983,904 |
| Retained earnings | | <u>83,928,564</u> | <u>97,581,562</u> |
| Equity attributable to owners of the company | | 115,085,942 | 128,565,507 |
| Non-controlling interests | | <u>1,386,503</u> | <u>3,457,116</u> |
| Total equity | | <u>116,472,445</u> | <u>132,022,623</u> |

Approved and authorised by the Board on 30 March 2021 and signed on its behalf by:



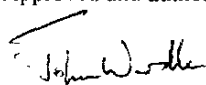
J H Wardle
Director

The notes on pages 23 to 56 form an integral part of these financial statements.

DAS UK Investments Limited
(Registration number: 3097778)
Balance Sheet as at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Investments | 13 | 312,830,417 | 322,341,757 |
| Current assets | | | |
| Debtors | 15 | - | 812,605 |
| Creditors: Amounts falling due within one year | 16 | <u>(3,200,000)</u> | <u>-</u> |
| Net current (liabilities)/assets | | <u>(3,200,000)</u> | <u>812,605</u> |
| Net assets | | <u><u>309,630,417</u></u> | <u><u>323,154,362</u></u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 42 | 41 |
| Share premium reserve | | 31,157,336 | 30,983,904 |
| Retained earnings | | <u>278,473,039</u> | <u>292,170,417</u> |
| Total equity | | <u><u>309,630,417</u></u> | <u><u>323,154,362</u></u> |

Approved and authorised by the Board on 30 March 2021 and signed on its behalf by:



.....
J H Wardle
Director

DAS UK Investments Limited

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

| | Share capital £ | Share premium reserve £ | Retained earnings £ | Non-controlling interests £ | Total £ |
|--|--------------------|-------------------------------|---------------------------|-----------------------------------|--------------|
| At 1 January 2019 | 41 | 30,983,904 | 97,581,562 | 3,457,116 | 132,022,623 |
| Profit for the year | - | - | 35,398,901 | 329,388 | 35,728,289 |
| Actuarial gain/(loss) recognised in pensions | - | - | (450,955) | - | (450,955) |
| Total comprehensive income | - | - | 34,947,946 | 329,388 | 35,277,334 |
| Dividends | - | - | (48,078,017) | (2,400,001) | (50,478,018) |
| Share-based payments expense | - | - | 91,886 | - | 91,886 |
| Recharge from Omnicom Group Inc. in respect of shared based payments | - | - | (614,813) | - | (614,813) |
| Premium on issue of shares, less expenses | - | 173,432 | - | - | 173,432 |
| New share capital subscribed | 1 | - | - | - | 1 |
| At 31 December 2019 | 42 | 31,157,336 | 83,928,564 | 1,386,503 | 116,472,445 |

On 21 November 2019 the company received a capital investment from its parent DAS Europe Limited of £173,433 in consideration for the allotment of 100 ordinary shares of £0.01 each plus a share premium of £173,432 for the purpose of making a capital contribution to its subsidiary CDS EMEA Limited.

DAS UK Investments Limited

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

| | Share capital £ | Share premium £ | Retained earnings £ | Non-controlling minority interest £ | Total £ |
|---|--------------------|--------------------|---------------------------|--|--------------|
| At 1 January 2018 | 41 | 30,983,904 | 102,108,217 | 3,143,349 | 136,235,511 |
| Profit for the year | - | - | 29,573,341 | 544,344 | 30,117,685 |
| Actuarial gain/(loss) recognised in pensions | - | - | (369,360) | - | (369,360) |
| Total comprehensive income | - | - | 29,203,981 | 544,344 | 29,748,325 |
| Dividends | - | - | (33,195,048) | (230,577) | (33,425,625) |
| Share-based payments expense | - | - | 91,883 | - | 91,883 |
| Recharge from Omnicoin Group Inc. in respect of shared based payments | - | - | (627,471) | - | (627,471) |
| At 31 December 2018 | 41 | 30,983,904 | 97,581,562 | 3,457,116 | 132,022,623 |

The notes on pages 23 to 56 form an integral part of these financial statements.
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DAS UK Investments Limited

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

| | Share capital £ | Share premium reserve £ | Retained earnings £ | Total £ |
|---|--------------------|-------------------------------|---------------------------|--------------|
| At 1 January 2019 | 41 | 30,983,904 | 292,170,417 | 323,154,362 |
| Profit for the year | - | - | 34,380,639 | 34,380,639 |
| Total comprehensive income | - | - | 34,380,639 | 34,380,639 |
| Dividends | - | - | (48,078,017) | (48,078,017) |
| Premium on issue of shares, less expenses | - | 173,432 | - | 173,432 |
| New share capital subscribed | 1 | - | - | 1 |
| At 31 December 2019 | 42 | 31,157,336 | 278,473,039 | 309,630,417 |

On 21 November 2019 the company issued 100 ordinary shares of £0.01 each plus a share premium of £173,432 for the purpose of making a capital contribution to its subsidiary CDS EMEA Limited.

The notes on pages 23 to 56 form an integral part of these financial statements.

DAS UK Investments Limited

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

| | Share capital £ | Share premium reserve £ | Retained earnings £ | Total £ |
|----------------------------|--------------------|-------------------------------|---------------------------|--------------|
| At 1 January 2018 | 41 | 30,983,904 | 293,813,009 | 324,796,954 |
| Profit for the year | - | - | 31,552,456 | 31,552,456 |
| Total comprehensive income | - | - | 31,552,456 | 31,552,456 |
| Dividends | - | - | (33,195,048) | (33,195,048) |
| At 31 December 2018 | 41 | 30,983,904 | 292,170,417 | 323,154,362 |

The notes on pages 23 to 56 form an integral part of these financial statements.
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DAS UK Investments Limited

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

| | Note | 2019 £ | 2018 £ |
|---|------|---------------------|--------------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 35,728,289 | 30,117,685 |
| Adjustments to cash flows from | | | |
| Depreciation and amortisation | 3 | 10,719,227 | 12,528,721 |
| Loss on disposal of tangible assets | | 4,214 | 100,401 |
| Finance income | | (433,512) | (362,448) |
| Finance costs | 8 | 1,241,720 | 1,276,839 |
| Share based payment transactions | | 375,750 | 360,203 |
| Income tax expense | 9 | 11,278,809 | 10,159,876 |
| | | <u>58,914,497</u> | <u>54,181,277</u> |
| Working capital adjustments | | | |
| (Decrease/(Increase)) in stocks | | 4,353,542 | (4,160,008) |
| Decrease in trade and other debtors | | 13,220,328 | 9,049,649 |
| (Decrease) in trade and other creditors | | <u>(17,356,769)</u> | <u>(6,313,695)</u> |
| Cash generated from operations | | 59,131,598 | 52,757,223 |
| Income taxes paid | | (13,793,311) | (10,228,643) |
| Employer contributions to defined benefit pension schemes | | <u>(456,000)</u> | <u>(456,000)</u> |
| Net cash flow from operating activities | | <u>44,882,287</u> | <u>42,072,580</u> |
| Cash flows from investing activities | | | |
| Interest received | | 433,512 | 362,448 |
| Acquisition of tangible assets | | (4,506,546) | (2,758,392) |
| Proceeds from sale of tangible assets | | 120,244 | 4,819 |
| Acquisition of intangible assets | 11 | (5,065,769) | (1,736,209) |
| Proceeds from sale of intangible assets | | - | 8,381 |
| Acquisition of investments in joint ventures and associates | | <u>-</u> | <u>(90,885)</u> |
| Net cash flows from investing activities | | <u>(9,018,559)</u> | <u>(4,209,838)</u> |

The notes on pages 23 to 56 form an integral part of these financial statements.

DAS UK Investments Limited

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

| | Note | 2019 £ | 2018 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from financing activities | | | |
| Interest paid | 8 | (1,241,720) | (1,276,839) |
| Dividends paid | 10 | (50,478,018) | (33,425,625) |
| Shares issued | | 173,433 | - |
| (Increase)/decrease in Amounts owed by group undertakings - loans and advances | | 21,094,650 | (2,805,110) |
| (Decrease)/increase in Amounts owed to group undertakings - loans and advances | | <u>(5,492,070)</u> | <u>(1,115,056)</u> |
| Net cash flows from financing activities | | <u>(35,943,725)</u> | <u>(38,622,630)</u> |
| Net decrease in cash and cash equivalents | | (79,997) | (759,888) |
| Cash and cash equivalents at 1 January | | <u>354,002</u> | <u>1,113,890</u> |
| Cash and cash equivalents at 31 December | | <u><u>274,005</u></u> | <u><u>354,002</u></u> |

The notes on pages 23 to 56 form an integral part of these financial statements.

DAS UK Investments Limited

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

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

The company is a private company limited by share capital incorporated, domiciled and registered in England in the United Kingdom. The financial statements are presented in sterling the company's functional currency.

Summary of disclosure exemptions

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures for the parent company financial statements only:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Omnicom Group Inc. include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Related party transactions: As a 100% owned subsidiary of Omnicom Group Inc. the company has taken advantage of the exemption available under FRS 102 Section 33. 1A: Related Party Disclosures, which enable it to exclude disclosure of transactions with Omnicom Group Inc., and its wholly owned subsidiaries.

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

Basis of consolidation

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

DAS UK Investments Limited

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

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

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

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

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

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

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

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

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

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

DAS UK Investments Limited

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

Going concern

The group has net current assets of £56,922,098 at 31 December 2019 (2018: £70,848,933). 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 company and certain of its subsidiaries participate 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 company and its subsidiaries 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 company and its subsidiaries. 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 and includes 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 assumption of further Covid-19 lockdowns), that indicates the company will have sufficient funds to meet its liabilities as they fall due throughout that period, via the group facilities described above. As with any company 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.

Key sources of estimation uncertainty

Impairment reviews of the company's investments set out in note 13 are carried out by determining the net recoverable value using the Omnicom discounted cash flow model, with which future cash flows have been projected over a 5 year period and include a terminal value to incorporate expected growth thereafter. The projected cash flows have been discounted by the group's pre-tax WACC rate of 10.1%.

The cash flow projections are based on conditions as at 31 December 2019 and are estimated based on the plan for 2020 and for the years 2021 - 2024 assume a growth rate for each year and individual subsidiary of between 1.0% and 2.5% which reflects management's conservative estimate of the medium term operating performance. The terminal value is calculated using a perpetuity model which assumes a long term growth rate of 1.8% which reflects the long term GDP growth forecasts for the region and industry.

Gross Billings

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

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

DAS UK Investments Limited

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

Rebillable costs

Rebillable costs comprise media payments and third party production costs for those services that the 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 revenue.

Revenue

Revenue 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. Revenue 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.

Interest payable and similar charges and Other interest receivable and similar income

Interest payable and similar charges include interest payable, finance expenses on shares classified as liabilities, finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

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

DAS UK Investments Limited

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

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, associates and joint ventures 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.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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 over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|-----------------------------------|-------------------------------------|
| Land and buildings | Life of lease |
| Leasehold improvements | Life of lease |
| Furniture, fittings and equipment | 4 - 10 Years |
| Motor vehicles | 4 - 5 Years |
| Office equipment | 4 - 10 Years |

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.

Separately acquired concessions, patents, licences, trademarks and similar rights are stated in the balance sheet at cost less accumulated amortisation and impairment.

Concessions, patents, licences, trademarks and similar rights acquired in a business combination are recognised at fair value at the acquisition date.

Other intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

DAS UK Investments Limited

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

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 | 10 Years |
| Software | 3-5 Years |
| Concessions, patents, licences, trademarks and similar rights and assets | 4-10 Years |

Investments in group undertakings

Fixed asset investments in the parent company financial statements are stated at historical cost less provision for impairment. Where the directors consider that a previous impairment provision is no longer appropriate, the impairment is reversed.

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. On consolidation interest in associated undertakings is stated at cost plus the accumulated share of income less accumulated dividends received.

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 and other debtors

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

Trade and other debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade and other debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Work in progress is stated at the lower of cost and estimated selling price. Work in progress consists of direct expenses incurred on unbilled work. Estimated selling price is based on estimated sales value less further costs to complete and sell.

At each reporting date, work in progress is assessed for impairment. If work in progress is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the profit and loss account.

DAS UK Investments Limited

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

Trade and other creditors

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

Trade and other creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Assets held under finance leases, which are leases where substantially all of the risk and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of the future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

DAS UK Investments Limited

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

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the group's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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.

DAS UK Investments Limited

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

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

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

Defined contribution pension obligation

The group operates a number of defined contribution pensions schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Defined benefit pension obligation

For employees who joined Porter Novelli Limited before 1 January 1994, the company offered pension benefits through a final salary defined benefits scheme up until 30 April 1998 (the Countrywide Communications Group Limited Staff Benefits Plan).

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme is recognised in full. The movement in the scheme deficit is between operating charges, finance items and, in the statement of comprehensive income, actuarial gains and losses.

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.

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

2 Revenue

The whole of the group's gross billings, revenue and operating profit for the year related to its principal activity, which was the provision of advertising, marketing, research and communication services, and which was carried out predominantly in the United Kingdom.

DAS UK Investments Limited

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

The analysis of the group's revenue by geographic location by destination for the year from continuing operations for rendering of services is as follows:

| | 2019 | 2018 |
|---------------|--------------------|--------------------|
| | £ | £ |
| UK | 203,969,330 | 215,203,773 |
| Europe | 158,510,363 | 162,877,415 |
| Americas | 81,860,247 | 63,605,112 |
| Rest of world | 17,006,252 | 22,179,958 |
| | <u>461,346,192</u> | <u>463,866,258</u> |

3 Operating loss

Operating profit is arrived at after charging/(crediting):

| | 2019 | 2018 |
|---|-----------------|------------------|
| | £ | £ |
| Depreciation and other amounts written off tangible fixed assets: owned | 2,214,171 | 2,065,607 |
| Amortisation of goodwill | 7,412,464 | 9,482,896 |
| Amortisation of concessions | 538,322 | 487,854 |
| Amortisation of software | 554,270 | 492,364 |
| Foreign exchange (gains) / losses | 2,776,769 | (2,323,267) |
| (Profit)/loss on disposal of property, plant and equipment | 4,214 | 100,401 |
| Operating lease expense - property | 20,240,750 | 21,040,954 |
| Hire of plant and machinery - rentals payable under operating leases | 684,397 | 1,216,152 |
| Rental income | <u>(55,578)</u> | <u>(312,015)</u> |

4 Auditor's remuneration

| | 2019 | 2018 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Audit of these financial statements | <u>440,000</u> | <u>400,000</u> |

In addition, amounts payable to other auditors for audit of financial statements of certain subsidiaries of the company was £69,282 (2018: £61,328).

There are no amounts paid to the group's auditors in respect of non-audit services in either the current or prior years.

5 Directors' remuneration

The directors' remuneration costs are borne by other group companies. The directors are not remunerated specifically for their services to DAS UK Investments Limited or its subsidiaries.

DAS UK Investments Limited

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

6 Staff costs

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

| | 2019 £ | 2018 £ |
|---|--------------------|--------------------|
| Wages and salaries | 171,716,354 | 173,070,085 |
| Share related awards | 375,750 | 360,203 |
| Social security costs | 20,129,687 | 19,919,759 |
| Pension and other post-employment benefit costs | 7,783,720 | 6,992,738 |
| Severance/loss of office | 2,289,079 | 4,913,871 |
| | <u>202,294,590</u> | <u>205,256,656</u> |

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

| | 2019 No. | 2018 No. |
|-----------------------------------|--------------|--------------|
| Production | 787 | 905 |
| Administration and support | 863 | 900 |
| Research and development | 194 | 211 |
| Sales, marketing and distribution | 3,162 | 3,560 |
| | <u>5,006</u> | <u>5,576</u> |

7 Other interest receivable and similar income

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|----------------|
| Bank interest receivable | 22,805 | 652 |
| Receivable from group undertakings | 364,745 | 335,677 |
| | <u>387,550</u> | <u>336,329</u> |

8 Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Payable to group undertakings | 996,284 | 1,185,576 |
| Other interest payable | 133,298 | 7,293 |
| Finance charges payable in respect of finance leases and hire purchase contracts | 112,138 | 83,970 |
| | <u>1,241,720</u> | <u>1,276,839</u> |

DAS UK Investments Limited

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

9 Taxation

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

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Current taxation | | |
| Current tax on income for the period | 9,913,597 | 9,292,433 |
| Adjustments in respect of previous periods | <u>291,971</u> | <u>(379,998)</u> |
| | 10,205,568 | 8,912,435 |
| Current foreign tax on income for the period | <u>1,059,880</u> | <u>918,475</u> |
| Total current income tax | <u>11,265,448</u> | <u>9,830,910</u> |
| Deferred taxation | | |
| Origination and reversal of timing differences | (10,999) | 252,480 |
| Effect of increased/decreased tax rate on opening liability | 1,258 | 46,696 |
| Adjustment in respect of previous periods | <u>23,102</u> | <u>29,790</u> |
| Total deferred taxation | <u>13,361</u> | <u>328,966</u> |
| Tax expense in the profit and loss account | <u>11,278,809</u> | <u>10,159,876</u> |

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

The differences are reconciled below:

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Profit before tax | <u>47,007,098</u> | <u>40,277,561</u> |
| Corporation tax at standard rate | 8,931,349 | 7,652,737 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 1,574,961 | 2,372,134 |
| Effect of foreign tax rates | 458,289 | 386,269 |
| UK deferred tax expense relating to changes in tax rates or laws | 1,258 | 46,696 |
| (Decrease) in UK deferred tax from a prior period | 23,102 | 29,790 |
| Increase/(decrease) in UK current tax from a prior period | 291,971 | (379,998) |
| Other tax effects for reconciliation between accounting profit and tax expense (income) | <u>(2,121)</u> | <u>52,248</u> |
| Total tax charge | <u>11,278,809</u> | <u>10,159,876</u> |

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

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by £110,690 and the deferred tax liability by £123.

DAS UK Investments Limited

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

Deferred tax

Group

Deferred tax assets and liabilities

| | Asset £ | Liability £ |
|---|-----------------------|------------------------|
| 2019 | | |
| Difference between accumulated depreciation and amortisation and capital allowances | 833,769 | (1,046) |
| Other timing differences | <u>107,097</u> | <u>-</u> |
| | <u><u>940,866</u></u> | <u><u>(1,046)</u></u> |
| 2018 | | |
| Difference between accumulated depreciation and amortisation and capital allowances | 781,721 | (37,732) |
| Other timing differences | <u>209,192</u> | <u>-</u> |
| | <u><u>990,913</u></u> | <u><u>(37,732)</u></u> |

10 Dividends

| | 2019 £ | 2018 £ |
|--|--------------------------|--------------------------|
| Dividend of £12,154 (2018 - £8,153) per ordinary share | <u><u>50,478,018</u></u> | <u><u>33,425,625</u></u> |

DAS UK Investments Limited

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

11 Intangible assets

Group

| | Goodwill | Software | Concessions, patents, licences, trademarks and similar rights and assets | Total |
|--------------------------|--------------------|------------------|---|--------------------|
| | £ | £ | £ | £ |
| Cost or valuation | | | | |
| At 1 January 2019 | 122,090,397 | 3,494,443 | 2,966,870 | 128,551,710 |
| Additions | - | 4,967,717 | 98,052 | 5,065,769 |
| Disposals | <u>(4,267,945)</u> | <u>(39,646)</u> | <u>-</u> | <u>(4,307,591)</u> |
| At 31 December 2019 | <u>117,822,452</u> | <u>8,422,514</u> | <u>3,064,922</u> | <u>129,309,888</u> |
| Amortisation | | | | |
| At 1 January 2019 | 73,718,015 | 2,583,978 | 1,567,492 | 77,869,485 |
| Amortisation charge | 7,412,464 | 554,270 | 538,322 | 8,505,056 |
| Disposals | <u>(4,267,945)</u> | <u>(39,646)</u> | <u>-</u> | <u>(4,307,591)</u> |
| At 31 December 2019 | <u>76,862,534</u> | <u>3,098,602</u> | <u>2,105,814</u> | <u>82,066,950</u> |
| Carrying amount | | | | |
| At 31 December 2019 | <u>40,959,918</u> | <u>5,323,912</u> | <u>959,108</u> | <u>47,242,938</u> |
| At 31 December 2018 | <u>48,372,382</u> | <u>910,465</u> | <u>1,399,378</u> | <u>50,682,225</u> |

DAS UK Investments Limited

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

12 Tangible fixed assets

Group

| | Land and buildings £ | Leasehold improvements £ | Furniture, fittings and equipment £ | Motor vehicles £ | Office equipment £ | Total £ |
|--------------------------|-------------------------------------|---|--|-----------------------------|-----------------------------------|--------------------|
| Cost or valuation | | | | | | |
| At 1 January 2019 | 7,112,935 | 5,489,353 | 7,338,326 | 283,581 | 5,918,182 | 26,142,377 |
| Additions | - | 1,422,785 | 743,479 | - | 2,340,282 | 4,506,546 |
| Disposals | - | (828,543) | (1,488,481) | - | (1,108,605) | (3,425,629) |
| At 31 December 2019 | <u>7,112,935</u> | <u>6,083,595</u> | <u>6,593,324</u> | <u>283,581</u> | <u>7,149,859</u> | <u>27,223,294</u> |
| Depreciation | | | | | | |
| At 1 January 2019 | 3,353,971 | 3,969,555 | 6,178,606 | 226,313 | 3,542,497 | 17,270,942 |
| Charge for the year | 151,180 | 521,948 | 513,438 | 49,070 | 978,535 | 2,214,171 |
| Disposals | - | (815,821) | (1,480,557) | - | (1,004,794) | (3,301,172) |
| At 31 December 2019 | <u>3,505,151</u> | <u>3,675,682</u> | <u>5,211,487</u> | <u>275,383</u> | <u>3,516,238</u> | <u>16,183,941</u> |
| Carrying amount | | | | | | |
| At 31 December 2019 | <u>3,607,784</u> | <u>2,407,913</u> | <u>1,381,837</u> | <u>8,198</u> | <u>3,633,621</u> | <u>11,039,353</u> |
| At 31 December 2018 | <u>3,758,964</u> | <u>1,519,798</u> | <u>1,159,720</u> | <u>57,268</u> | <u>2,375,685</u> | <u>8,871,435</u> |

DAS UK Investments Limited

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

The net carrying amount of Land and buildings is all held on a freehold basis at the end of both the current and prior year.

Assets held under finance leases and hire purchase contracts

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

| | 2019 £ | 2018 £ |
|-----------------------------------|------------------|------------------|
| Office equipment | 3,380,743 | 2,165,622 |
| Furniture, fittings and equipment | <u>601,220</u> | <u>431,700</u> |
| | <u>3,981,963</u> | <u>2,597,322</u> |

No tangible fixed assets are held in the company.

13 Fixed assets investments

Group

| | Associated undertakings £ | Total £ |
|---|---------------------------------|------------------|
| Cost | | |
| At 1 January 2019 | 4,085,923 | 4,085,923 |
| Share of income less dividends received | <u>9,236</u> | <u>9,236</u> |
| At 31 December 2019 | <u>4,095,159</u> | <u>4,095,159</u> |
| Carrying amount | | |
| At 31 December 2019 | <u>4,095,159</u> | <u>4,095,159</u> |
| At 31 December 2018 | <u>4,085,923</u> | <u>4,085,923</u> |

DAS UK Investments Limited

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

Company

| | Shares in group undertakings £ | Total £ |
|------------------------|--------------------------------------|--------------------|
| Cost | | |
| At 1 January 2019 | 369,653,907 | 369,653,907 |
| Additions | 986,038 | 986,038 |
| Disposals | <u>(2,500,000)</u> | <u>(2,500,000)</u> |
| At 31 December 2019 | <u>368,139,945</u> | <u>368,139,945</u> |
| Provision | | |
| At 1 January 2019 | 47,312,150 | 47,312,150 |
| Provided in year | <u>7,997,378</u> | <u>7,997,378</u> |
| At 31 December 2019 | <u>55,309,528</u> | <u>55,309,528</u> |
| Carrying amount | | |
| At 31 December 2019 | <u>312,830,417</u> | <u>312,830,417</u> |
| At 31 December 2018 | <u>322,341,757</u> | <u>322,341,757</u> |

On 31 January 2019 the company received a dividend of £2,700,000 from its subsidiary AMCI Europe Limited. On 1 February 2019 the company sold its entire interest in AMCI Europe Limited to Automotive Marketing Consultants, Inc. for a cash consideration of £137,000.

On 21 November 2019 the company received a capital investment from its parent DAS Europe Limited of £173,433 in consideration for the allotment of 100 ordinary shares of £0.01 each plus a share premium of £173,432 for the purpose of part funding a capital contribution to its subsidiary CDS EMEA Limited of £986,038.

During the year the directors performed an impairment review of fixed asset investments by comparing the carrying value of the investment to the net present value of the discounted cash flows, using the Omnicom Discounted Cash Flow Model, using a pre-tax WACC rate of 10.1% (2018: 10.5%).

The projected cash flows are based on conditions as at 31 December 2019 and are estimated based on the plan for 2020. The cash flow projections for the years 2021-2024 assume growth rates of between 1.0% and 2.5%, which reflects the directors' estimate of the medium term operating performance for each investment. The terminal value is calculated using a perpetuity model which assumes a long term growth rate of 1.8% and reflects the long term GDP growth forecasts for the region and industry. This demonstrated that a total impairment provision of £7,997,378 was required in respect of fixed asset investments.

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 shown in note 26.

DAS UK Investments Limited

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

14 Stocks

| | Group | | Company | |
|------------------|-------------------|-------------------|----------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Work in progress | <u>12,598,877</u> | <u>16,952,419</u> | <u>-</u> | <u>-</u> |

15 Debtors

| | | Group | | Company | |
|---|------|--------------------|--------------------|----------|----------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| | | £ | £ | £ | £ |
| Trade debtors | | 103,205,882 | 108,183,094 | - | - |
| Amounts owed by group undertakings - trading balances | | 13,403,175 | 16,871,155 | - | - |
| Amounts owed by group undertakings - loans and advances | | 51,837,590 | 72,932,241 | - | 812,605 |
| Other debtors | | 5,089,810 | 8,333,162 | - | - |
| Deferred tax assets | 9 | 940,866 | 990,913 | - | - |
| Prepayments and accrued income | | <u>24,311,953</u> | <u>25,843,736</u> | <u>-</u> | <u>-</u> |
| | | <u>198,789,276</u> | <u>233,154,301</u> | <u>-</u> | <u>812,605</u> |

The company and certain of its subsidiaries participate 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 operations, under which bank balances are cleared to zero on a daily basis either by the company and certain of its subsidiaries depositing cash with Omnicom Finance Limited / Omnicom Financial Services Limited or by Omnicom Finance Limited / Omnicom Financial Services Limited depositing cash with the company and certain of its subsidiaries. Included in Amounts owed by group undertakings - loans and advances is £44,403,706 (2018: £67,615,877) representing cash deposited by the company and certain of its subsidiaries under these arrangements.

Included in Deferred tax assets is £940,866 (2018: £990,913) due after more than one year.

DAS UK Investments Limited

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

16 Creditors

| | Group | | Company | |
|---|--------------------|--------------------|------------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Due within one year | | | | |
| Obligations under finance lease and hire purchase contracts | 1,329,188 | 811,471 | - | - |
| Payments received on account | 8,702,901 | 10,088,203 | - | - |
| Trade creditors | 16,628,441 | 21,737,815 | - | - |
| Amounts owed to group undertakings - trading balances | 14,144,234 | 14,051,716 | - | - |
| Amounts owed to group undertakings - loans and advances | 20,851,914 | 26,343,984 | 3,200,000 | - |
| Taxation and social security | 17,799,589 | 20,327,452 | - | - |
| Other creditors | 107,812 | 104,898 | - | - |
| Accruals and deferred income | 75,175,981 | 86,146,250 | - | - |
| | <u>154,740,060</u> | <u>179,611,789</u> | <u>3,200,000</u> | <u>-</u> |
| Due after one year | | | | |
| Obligations under finance lease and hire purchase contracts | 2,715,592 | 1,846,646 | - | - |
| Other creditors | 110,465 | 581,515 | - | - |
| | <u>2,826,057</u> | <u>2,428,161</u> | <u>-</u> | <u>-</u> |

The company and certain of its subsidiaries participate 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 operations, under which bank balances are cleared to zero on a daily basis either by the company and certain of its subsidiaries depositing cash with Omnicom Finance Limited / Omnicom Financial Services Limited or by Omnicom Finance Limited / Omnicom Financial Services Limited depositing cash with the company and certain of its subsidiaries. Included in Amounts owed to group undertakings - loans and advances is £17,751,544 (2018: £20,709,519) representing cash borrowed by the company and certain of its subsidiaries under these arrangements.

DAS UK Investments Limited

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

17 Provisions for liabilities

Group

| | Deferred tax £ |
|--|---------------------|
| At 1 January 2019 | 37,732 |
| Increase (decrease) in existing provisions | <u>(36,686)</u> |
| At 31 December 2019 | <u><u>1,046</u></u> |

18 Share capital

Allotted, called up and fully paid shares

| | 2019 | | 2018 | |
|-------------------------------|--------------|--------------|--------------|--------------|
| | No. | £ | No. | £ |
| Ordinary shares of £0.01 each | <u>4,200</u> | <u>42.00</u> | <u>4,100</u> | <u>41.00</u> |

On 21 November 2019 the company received a capital investment from its parent DAS Europe Limited of £173,433 in consideration for the allotment of 100 ordinary shares of £0.01 each plus a share premium of £173,432 for the purpose of making a capital contribution to its subsidiary CDS EMEA Limited.

19 Pension and other schemes

Defined contribution pension scheme

The group operates several defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the group to the schemes and amounted to £7,783,720 (2018: £6,992,738).

Defined benefit pension schemes

Countrywide Communications Group Limited Staff Benefits Plan

The group operates a defined benefit pension scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 December 2016 and updated to 31 December 2019 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent actuarial valuation showed a deficit of £4,411,000. The group has agreed with the trustees that it will aim to eliminate the deficit over a period of 6 years and 6 months from 1 January 2017 by the payment of annual contributions of £456,000 in respect of the deficit. In addition and in accordance with the actuarial valuation, an allowance has been included in the technical provisions liabilities and therefore the contributions to meet expenses of the scheme and levies to the Pension Protection Fund.

The pension contributions payable to the scheme amounted to £456,000 in the year (2018: £456,000).

The total credit relating to defined benefit schemes for the year recognised in profit and loss was £81,594 (2018: £Nil).

DAS UK Investments Limited

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

The best estimate of the contributions to be paid by the group to the scheme for the period commencing 1 January 2020 is £456,000.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

| | 2019 | 2018 |
|--|-------------|-------------|
| Life expectancy - Male retiring in 2019 at 65 years of age (years) | 21.80 | 21.90 |
| Life expectancy - Female retiring in 2019 at 65 years of age (years) | 23.60 | 23.80 |
| Life expectancy - Male retiring in 2039 at 65 years of age (years) | 23.10 | 23.30 |
| Life expectancy - Female retiring in 2039 at 65 years of age (years) | 25.20 | 25.40 |
| Discount Rate (%) | 2.10 | 2.90 |
| Inflation (RPI) (%) | 3.20 | 3.40 |
| Inflation (CPI) (%) | 2.20 | 2.40 |
| Allowance for pension in payment increases of RPI or 5% pa if less (%) | 3.10 | 3.20 |
| Allowance for pension in payment increases of CPI or 3% pa if less (%) | <u>1.90</u> | <u>2.00</u> |

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

| | 2019 £ | 2018 £ |
|---|--------------------|--------------------|
| Fair value of scheme assets | 11,631,174 | 10,342,075 |
| Present value of defined benefit obligation | <u>(9,621,591)</u> | <u>(8,551,650)</u> |
| Surplus/(deficit) in plan | 2,009,583 | 1,790,425 |
| Unrecognised surplus | <u>(2,009,583)</u> | <u>(1,790,425)</u> |
| Defined benefit pension scheme surplus/(deficit) recognised | <u>-</u> | <u>-</u> |

DAS UK Investments Limited

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

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

| | 2019 £ |
|---|------------------|
| Present value at start of year | 8,551,650 |
| Interest expense | 246,573 |
| Actuarial gains and losses | 1,445,635 |
| Benefits paid | (98,728) |
| Liabilities extinguished on settlements | (437,447) |
| Gains and losses due to benefits | (86,092) |
| Present value at end of year | <u>9,621,591</u> |

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

| | 2019 £ |
|-----------------------------------|-------------------|
| Fair value at start of period | 10,342,075 |
| Interest income | 303,873 |
| Benefits paid | (98,728) |
| Actuarial gains/(losses) | 1,069,899 |
| Contributions by the group | 456,000 |
| Assets distributed on settlements | (441,945) |
| Fair value at end of year | <u>11,631,174</u> |

Analysis of assets

The major categories of scheme assets are as follows:

| | 2019 £ | 2018 £ |
|--------------------------|-------------------|-------------------|
| Overseas Equities | 1,750,782 | 1,517,414 |
| Corporate Bonds | 3,664,936 | 3,325,556 |
| Cash | 90,197 | 111,054 |
| LDI | 3,720,548 | 3,302,637 |
| Diversified Growth Funds | 2,404,711 | 2,085,414 |
| | <u>11,631,174</u> | <u>10,342,075</u> |

None of the fair value of assets shown above include any direct investments in the group's own financial instruments or any property occupied by, or other assets used by, the group.

Return on scheme assets

| | 2019 £ | 2018 £ |
|-------------------------|------------------|------------------|
| Return on scheme assets | <u>1,373,772</u> | <u>(482,171)</u> |

DAS UK Investments Limited

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

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 2009 and March 2017. It is anticipated that the full vesting period for options will be three years. The 2009 option grants became 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 2017 option grants become exercisable on the third anniversary of the grant date.

The fair value of services received in return for shares and share options granted to employees, is measured by reference to the fair value of shares and share options granted. As permitted by FRS 102 Section 26, the company has applied the requirements of this standard to all share based payment awards granted after 7 November 2002. The estimate of the fair value of the services received is measured based on the Black-Scholes formula.

During the year ended 31 December 2019, the company recognised an expense of £91,886 (2018: £91,883) in respect of outstanding share awards.

The 2009 options outstanding at the year-end have an exercise price of \$23.40 and a weighted average contractual life of 10 years. The 2017 options outstanding at the year-end have an exercise price of \$84.94 and a weighted average contractual life of 6 years.

| | 2009 | 2017 |
|--|--------|--------|
| Fair value at measurement date \$ | 3.51 | 9.87 |
| Weighted average share price \$ | 23.40 | 84.94 |
| Exercise price \$ | 23.40 | 84.94 |
| Expected volatility (expressed as 5 year historical monthly used in the modelling under Black Scholes model) | 19.61% | 16.30% |
| Option life in years | 5.0 | 4.5 |
| Expected dividends | 2.458% | 2.600% |
| Risk-free interest rate (based on national government bonds) | 1.67% | 2.00% |

DAS UK Investments Limited

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

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 DAS UK Investments Limited group employees are as follows:

| | 2019 | 2019 | 2018 | 2018 |
|---|---|----------------------|---|----------------------|
| | Weighted average exercise price \$ | Number of options | Weighted average exercise price \$ | Number of options |
| At beginning of year | 71.41 | 45,500 | 65.13 | 52,350 |
| Granted | - | - | - | - |
| Exercised | 23.40 | (10,000) | 23.40 | (6,850) |
| Lapsed | - | - | - | - |
| Forfeited | - | - | - | - |
| Outstanding options at end of the year | <u>84.94</u> | <u>35,500</u> | <u>71.41</u> | <u>45,500</u> |
| Exercisable at end of the year | <u>-</u> | <u>-</u> | <u>23.40</u> | <u>10,000</u> |

The liability arising in relation to the linked recharge from Omnicom Group Inc in relation to these share options for the year was £614,813 (2018: liability £627,471).

The weighted average share price at the date of exercise of share options exercised during the year was \$75.32 (2018: \$74.52).

DAS UK Investments Limited

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

21 Commitments

Group

Operating leases

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

The total of future minimum lease payments is as follows:

| | 2019 | 2018 |
|---|------------------|-------------------|
| | £ | £ |
| Not later than one year | 2,485,452 | 2,865,790 |
| Later than one year and not later than five years | 4,158,053 | 6,675,429 |
| Later than five years | 1,330,471 | 2,071,977 |
| | <u>7,973,976</u> | <u>11,613,196</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £22,257,106 (2018: £25,246,541).

22 Related party transactions

Group

Summary of transactions with subsidiaries

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

As a 100% owned indirect subsidiary of Omnicom Group Inc, the company has taken advantage of the exemption under FRS102 Section 33.1A: Related Party Disclosures, which enable it to exclude disclosure of transactions with Omnicom Group Inc and its wholly owned subsidiaries.

| | 2019 | 2018 |
|--|--------|--------|
| | £ | £ |
| Income from shares in group undertakings (Adelphi Targis S.L.) | 36,726 | 26,006 |

The directors are considered to be Key Management Personnel of the group. As disclosed in note 5 the directors' remuneration costs are borne by other group companies. The directors are not remunerated specifically for their services to DAS UK Investments Limited or its subsidiaries. As the group is managed on a decentralised basis, there are considered to be no other individuals within the definition of Key Management Personnel with authority and responsibility for planning, directing and controlling the activities of the group.

DAS UK Investments Limited

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

23 Financial instruments

Group

| | 2019 | 2018 |
|--|---------------------------|---------------------------|
| | £ | £ |
| Assets measured at fair value through profit or loss | 274,005 | 354,002 |
| Assets measured at amortised cost | 168,446,649 | 197,986,490 |
| Liabilities measured at amortised cost | <u>(51,624,589)</u> | <u>(62,133,515)</u> |
| | <u>117,096,065</u> | <u>136,206,977</u> |

Assets measured at fair value through profit or loss includes cash and cash equivalents.

Assets measured at amortised cost includes Trade debtors, Amounts owed by group undertakings – trading balances, and Amounts owed by group undertakings – loans and advances.

Liabilities measured at amortised cost includes Trade creditors, Amounts owed to group undertakings – trading balances, and Amounts owed to group undertakings – loans and advances.

DAS UK Investments Limited

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

Net debt

An analysis of changes in net debt of the group from the beginning to the end of the current reporting period is as follows:

| Group | Amounts owed to Group undertakings - loans and advances due within one year | Obligations under finance lease and hire purchase contracts | Subtotal | Cash and cash equivalents | Net debt |
|--|--|---|---------------------|---------------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Balance at 1 January 2019 | (26,343,984) | (2,658,117) | (29,002,101) | 73,286,243 | 44,284,142 |
| Cash flows | 5,492,070 | 1,009,600 | 6,501,670 | (21,485,081) | (14,983,411) |
| Changes arising from acquisition or disposal of subsidiaries | | | - | 137,000 | 137,000 |
| New finance leases | | (2,396,263) | (2,396,263) | | (2,396,263) |
| New share capital and premium on shares issued | | | - | 173,433 | 173,433 |
| Balance at 31 December 2019 | <u>(20,851,914)</u> | <u>(4,044,780)</u> | <u>(24,896,694)</u> | <u>52,111,595</u> | <u>27,214,901</u> |

DAS UK Investments Limited

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

24 Parent and ultimate parent undertaking

The company is a subsidiary undertaking of Omnicom Group Inc. incorporated in the United States of America and is the smallest and largest group in which the results are consolidated.

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

25 Post balance sheet events

On 19 June 2020 the company paid a dividend of £479,998. This has not been included in the accounts as it was not approved before the year end.

On 18 December 2020 the company paid a dividend of £995,429. This has not been included in the accounts as it was not approved before the year end.

The Covid-19 pandemic has significantly impacted the global economy with a consequent impact on our business and the results of our operations. Public health efforts to mitigate the impact of the pandemic have included government actions, both local and national, such as social distancing, travel restrictions, limitations on gatherings, requirements to work from home and other mandatory closures.

Whilst necessary, these actions have impacted a number of our clients' businesses and in turn some of our clients have reduced their demand for our services.

In response to the pandemic the group successfully and quickly moved its workforce to work from home where possible at the end of the first quarter of 2020 and has also sought to realign its cost structures wherever possible to match client revenues.

Further actions taken by the group in response to the pandemic include regular cash flow forecasting, a strong focus on managing working capital and hence our cash position.

We regularly discuss with our clients their needs and demand for our services and seek to align our costs accordingly, regularly forecasting our financial position and modelling a range of scenarios arising from the pandemic.

Due to the diverse nature of the businesses within the group, although we saw overall revenues fall slightly in 2020, this wasn't significant and together with the actions taken to align our costs accordingly will not result in a material overall fall in our underlying operating results in 2020. The directors are confident of the outlook for 2021 and beyond.

The impact of the pandemic on a small number of our subsidiaries has been more significant and could result in impairments being required in the future, the amount of which cannot be estimated at this time. The decision to close two of our businesses was taken during 2020 where longer term impacts were foreseen.

As a result of these actions and forecasts, along with access to borrowings under group facilities to meet its funding requirements as set out in note 1 the directors are confident that the group is a going concern and have prepared the financial statements accordingly.

DAS UK Investments Limited

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

In May 2020 a merger was announced between Rapp Limited and Proximity London Limited, another Omnicom company. The merger occurred on 31 October 2020 when the business and certain assets and liabilities of Proximity London Limited were transferred to Rapp Limited via a business transfer agreement.

On 8 March 2021 the company received a capital contribution of £17,996,624 from its parent, DAS Europe Limited, in exchange for the allotment of 100 Ordinary shares of £0.01 each at par plus a share premium of £17,996,623. On the same day the company purchased the entire issued share capital of Proximity London Limited from its fellow subsidiary, AMV BBDO Investments Limited, for £17,996,624.

On 8 March 2021 the company received a dividend of £9,412,428 from Proximity London Limited and subsequently paid a dividend on the same day of £9,412,428.

DAS UK Investments Limited

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

26 Details of undertaking

Subsidiary exemption

The following UK subsidiaries of the group (with the exception of The Cinnamon Agency Limited and TPN Marketing UK Limited), having met the criteria set out in sections 479A-479C of the Companies Act 2006, are claiming exemptions from the audit of the individual accounts afforded by those sections for the year ended 31 December 2019

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

| Undertaking | Company number | Country of incorporation | Holding | Proportion of voting rights and shares held | Principal activity | Registered address |
|--|----------------|--------------------------|----------|---|---|---|
| Subsidiary undertakings | | | | | | |
| 2TheNth Limited (*) | 2072694 | England | Ordinary | 100.00 | Pharmaceutical Communications & Education | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Adelphi Communications Limited | 2761321 | England | Ordinary | 100.00 | Medical Education | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Adelphi Group Limited (*) | 1975338 | England | Ordinary | 100.00 | Pharmaceutical Market Research | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Adelphi International Research Limited | 2419446 | England | Ordinary | 100.00 | Research | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Adelphi Targis S.L. | B62628813 | Spain | Ordinary | 43.20 | Healthcare Research | 183, Aragon, 7th Floor, Barcelona, 08011, Spain |

DAS UK Investments Limited

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

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| Adelphi Values Limited | 2761308 | England | Ordinary | 100.00 | Health Economics | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| CDM Europe Limited (*) | 1077287 | England | Ordinary | 51.00 | Media Services | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| CDS EMEA Limited (*) | 5174106 | England | Ordinary | 100.00 | IT Services | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Cedar Communications Limited (*) | 2709621 | England | Ordinary | 100.00 | Contract Publishing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Chameleon Communications International Ltd (*) | 3441290 | England | Ordinary | 100.00 | Healthcare | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Code Worldwide Limited (*) | 4146951 | England | Ordinary | 100.00 | Digital Advertising | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Contract Personnel Limited | 102618 | Ireland | Ordinary | 100.00 | Field Marketing | 41A, Blackberry Lane, Rathmines, Dublin 6, Ireland |
| cosine uk Limited (*) | 1811431 | England | Ordinary | 100.00 | Field Marketing & Direct Sales | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Counter Products Marketing (Ireland) Limited | 116133 | Ireland | Ordinary | 100.00 | Merchandising | 41A, Blackberry Lane, Rathmines, Dublin 6, Ireland |
| CPM Field Marketing Limited (*) | 1952132 | England | Ordinary | 100.00 | Field Telephone Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| CPM United Kingdom Limited (*) | 1757157 | England | Ordinary | 100.00 | Field Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Flamingo Research Limited (*) | 02735873 | England | Ordinary | 100.00 | Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |

DAS UK Investments Limited

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

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|--|-----------------|--------------------|-----------|--------|---------------------------------|---|
| Fleishman-Hillard Group Limited (*) | 1521506 | England | Ordinary | 100.00 | Holding Company | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Fleishman-Hillard International Communications Limited | NF164844 | Ireland | Ordinary | 59.00 | Public Relations | 15 Fitzwilliam Quay, Dublin 4, Ireland |
| Fleishman-Hillard S.A. | 010-1142778-33 | Belgium | Ordinary | 100.00 | Public Affairs | 40, Rue Belliard, Brussels, 1040, Belgium |
| Fleishman-Hillard Saudi Arabia Limited | 1010315408 | Saudi Arabia | Ordinary | 99.00 | Service Company | Riyadh City, PO Box 5774, Riyadh, 11589, Saudi Arabia |
| Fleishman-Hillard Sp z o.o | 0000157586 | Poland | Ordinary | 40.00 | Public Relations | Ul. Slowackiego 19 A, Warszawa, 01-592 |
| Fleishman-Hillard Vanguard OOO | 1067758831854 | Russian Federation | Interests | 55.00 | Public Relations | 2nd Kadashevsky per. 12, Moscow, 115035, Russian Federation, Europe |
| Fleishman-Hillard, s.r.o | C59785/25670247 | Czech Republic | Ordinary | 39.39 | Public Relations | Lomnického 1705/9, Prague 4, 14000, Czech Republic |
| Hall & Partners Europe Limited (*) | 2733595 | England | Ordinary | 100.00 | Brand & Communications Research | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Hall & Partners Pty Ltd | 130 990 288 | Australia | Ordinary | 50.00 | Market Research | 474, St Kilda Road, Melbourne, VIC 3004, Australia |
| Haygarth Communications Limited | 2496952 | England | Ordinary | 100.00 | FMCG and Retail Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Haygarth Group Limited (*) | 6692583 | England | Ordinary | 100.00 | Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Hosker Moore Kent Melia Limited | 4197028 | England | Ordinary | 100.00 | Consultancy | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |

DAS UK Investments Limited

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

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| Interbrand U.K. Limited (*) | 1703469 | England | Ordinary | 100.00 | Branding Consultancy | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Interfuse Communications Limited (*) | 02809649 | England | Ordinary | 100.00 | Public Relations | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Ketchum Limited (*) | 1733060 | England | Ordinary | 100.00 | Public Relations | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Methods+Mastery Limited (*) | 3732121 | England | Ordinary | 100.00 | Public Relations | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| MPMC Holdings Limited | 7255692 | England | Ordinary | 100.00 | Consultancy & Design | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Our Creative Limited (*) | 2549329 | England | Ordinary | 100.00 | Advertising | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| POD Staffing Limited | 7420729 | England | Ordinary | 100.00 | Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Porter Novelli Limited (*) | 1101649 | England | Ordinary | 100.00 | Public Relations | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Promise Corporation Limited (*) | 4905383 | England | Ordinary | 100.00 | Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Rapp Limited (*) | 1581935 | England | Ordinary | 100.00 | Advertising and Direct Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Siegel+Gale Limited (*) | 4725268 | England | Ordinary | 100.00 | Strategic Branding Consultancy | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Specialist Publications (UK) Limited (*) | 964145 | England | Ordinary | 100.00 | Contract Publishing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |

DAS UK Investments Limited

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

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|---|---------|---------|----------|--------|--------------------------|---|
| Targetbase Claydon Heeley Limited (*) | 2421407 | England | Ordinary | 100.00 | Advertising | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| TBWA\Worldhealth London Limited (*) | 1491788 | England | Ordinary | 100.00 | Advertising | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| The Cinnamon Agency Limited | 5556304 | England | Ordinary | 50.00 | Events & Sponsoring | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| The Planning Shop International Limited (*) | 3037899 | England | Ordinary | 100.00 | Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| TPN Marketing UK Limited | 9185763 | England | Ordinary | 50.00 | Shopper Marketing | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| TracyLocke Limited | 4254423 | England | Ordinary | 100.00 | Marketing Communications | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| TRO Group Limited (*) | 2361809 | England | Ordinary | 100.00 | Advertising | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |
| Wolff Olins Limited (*) | 1945130 | England | Ordinary | 100.00 | Brand Consulting | Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England |

(*) Direct subsidiaries of DAS UK Investments Limited