

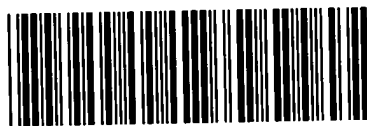
# **FCB Health Hampshire Limited**

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

**Year ended 31 December 2019**

**Registered Number: 2818414**

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## FCB Health Hampshire Limited

### Strategic Report for the year ended 31 December 2019

The directors present their strategic report of FCB Health Hampshire Limited (the "Company") registered number 2818414 for the year ended 31 December 2019.

#### Principal activities and review of the business

The Company's principal activity during the year was that of advertising and marketing.

The Company's loss for the year was £434,000 (2018: loss £677,000). The directors consider that the result for the year is in line with expectations. The Company had net liabilities of £1,022,000 as at 31 December 2019 (2018: net liabilities of £588,000).

#### Key performance indicators

The following are key performance indicators of the business:

	2019	2018
<b>Revenue growth (%)</b>		
Year on year revenue growth expressed as a percentage	23.0%	0.5%
<b>Operating margin (%)</b>		
Ratio of operating loss to revenue expressed as a percentage	13.5%	27.2%
<b>Staff costs / revenue (%)</b>		
Staff costs as a percentage of revenue	75.8%	86.1%

#### Financial Reporting Standard 102 (FRS 102)

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

#### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of The Interpublic Group of Companies, Inc. and are not managed separately. These risks are discussed in The Interpublic Group of Companies, Inc. annual financial statements for the year ended 31 December 2019, which does not form part of this report. Copies of The Interpublic Group of Companies, Inc. consolidated financial statements can be obtained from:

The Interpublic Group of Companies, Inc.  
909 Third Avenue  
New York, NY 10022, USA

# **FCB Health Hampshire Limited**

## **Strategic Report for the year ended 31 December 2019 (continued)**

### **Strategy and future developments**

FCB Health Hampshire Limited has a 27 year history of providing advertising and marketing services to the healthcare industry.

The Company became part of FCB Health (part of The Interpublic Group of Companies, Inc.) in March 2014. Previously known as just Halesway Limited, in October 2016, to further leverage FCB Health's global presence, the Company was re-named FCB Halesway Limited. A further name change happened in September 2018 and the company is now known as FCB Health Hampshire Limited.

FCB Health Hampshire Limited continues to benefit from access to FCB Health's global and regional stream of new business prospects.

The strategy for the agency is to continue playing an integral role in the group of European leading creatively connected, multichannel communications agencies within the industry and further increase market share and awareness levels. Offering brand building services that link the latest digital technology and strategic knowledge with industry needs provided with the highest creative standards on the market.

After the previous year's launch of the in-house digital department, the agency has further strengthened the digital approach with adding more expertise and a re-aligned market approach to enhance services and products for clients across all agencies. The development of the Creative Department to cover clients' needs across Europe has been completed successfully and is supporting globally, regionally and locally and has shown a tremendous improvement in quality.

COVID-19 isn't showing a similar impact on the agencies' business as compared to other industries. The main impact the agency has seen is though the Event and Congress business, but at the same time other areas have shown positive increases and overall the agency is still growing compared to previous years.

The outlook for the following years remains positive despite the current situation.

On behalf of the Board

  
Joerg Hempelmann (Sep 10, 2020 10:40 GMT+2)

Joerg Hempelmann  
Director  
10 September 2020

## **FCB Health Hampshire Limited**

### **Directors' Report for the year ended 31 December 2019**

The directors present their report and financial statements of FCB Health Hampshire Limited (the "Company") registered number 2818414 for the year ended 31 December 2019.

#### **Future developments**

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

#### **Dividends**

The Directors did not recommend the payment of a dividend during the year (2018: £nil).

#### **Objectives and policies**

The Company's operations expose it to a variety of financial risks. These include the credit risk, the liquidity risk associated with recovering customer debt on a timely basis, and the interest rate cash flow risk. The Company has in place a risk management programme that seeks to minimise the potential adverse effects on the financial performance of the Company by monitoring customer debt levels and the related financial risks to the business.

The Company follows the standard policy and procedures (SP&P) manual provided by The Interpublic Group of Companies, Inc., which sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by The Interpublic Group of Companies, Inc..

#### **Financial risk management**

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

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department follows the policy and procedures manual provided by The Interpublic Group of Companies, Inc. that sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by The Interpublic Group of Companies, Inc..

#### **Credit risk**

The Company has implemented policies to monitor customer debt levels and to ensure that excessive credit is not extended to any particular customer. This provides the business with visibility of balances and ensures that no further credit is extended in cases where this is not merited. The maximum exposure to credit risk at 31 December 2019 was mainly as follows: trade debtors £841,000, amounts owed by group undertakings £146,000, other debtors £12,000, prepayment and accrued income £300,000 and debtors due after more than one year £nil (2018: £520,000, £43,000, £15,000, £153,000, £nil respectively).

Credit given to other Group companies is also monitored and credit is extended where it is merited. Group debts are collected on the same basis as non-Group debts.

#### **Liquidity risk**

The Company's customer profile is such that late payments and defaults may reduce the funds available for operations and planned expansions. The Company manages this risk by engaging external collection agencies where required.

#### **Political donations**

The Company made no political donations in 2019 (2018: £nil).

#### **Branches outside the UK**

The Company has no branches outside the UK.

# **FCB Health Hampshire Limited**

## **Directors' Report for the year ended 31 December 2019 (continued)**

### **Disabled employee note**

The Company is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

### **Employee involvement**

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its future success.

### **Directors**

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

Nicola Ellen Dean  
Lisa Dujat  
Michael Guarino  
Thomas James Kelly  
Dana Maiman  
Joerg Hempelmann  
Christopher Gut  
Neil Padgett  
Laura Elizabeth Anne Rawlingson

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### **Events post statement of financial position**

Since 31 December 2019, COVID-19 has been declared as a pandemic. The Company has determined that, in line with Section 32 of FRS102, this is a non-adjusting event after the end of the reporting period.

# FCB Health Hampshire Limited

## Directors' Report for the year ended 31 December 2019 (continued)

### Statement of directors' responsibilities

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

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

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

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

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

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006;
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2019 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company;
- the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Disclosure of information to auditors in the Directors' Report

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

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

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

### Independent auditors

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

On behalf of the Board

  
Joerg Hempelmann (Sep 10, 2020 10:40 GMT+2)

Joerg Hempelmann  
Director  
10 September 2020

# ***Independent auditors' report to the members of FCB Health Hampshire Limited***

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, FCB Health Hampshire Limited financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019, the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis of opinion**

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

### **Independence**

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

### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

### **Reporting on other information**

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# ***Independent auditors' report to the members of FCB Health Hampshire Limited*** (continued)

## *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### *Use of this report*

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

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
10 September 2020



# FCB Health Hampshire Limited

## Statement of comprehensive income For the year ended 31 December 2019

	Note	2019 £000's	Restated 2018 £000's
Turnover	5	3,658	3,324
Cost of sales		(166)	(548)
		<hr/>	<hr/>
Revenue/Gross profit		3,492	2,776
Administrative expenses		(3,916)	(3,451)
		<hr/>	<hr/>
Operating loss	6	(424)	(675)
Interest receivable and similar income	7	4	-
Interest payable and similar expenses	8	(12)	(2)
		<hr/>	<hr/>
Loss before taxation		(432)	(677)
Tax on loss	11	(2)	-
		<hr/>	<hr/>
Loss and total comprehensive expense for the financial year		<hr/> (434) <hr/>	<hr/> (677) <hr/>

All operations are continuing.

Directs costs that are billed to customers were incorrectly included in administrative expenses. These have been corrected in the current year and the effect of the correction is to reduce administrative expenses by £61,922 and reduce revenue by the same amount.

# FCB Health Hampshire Limited

## Statement of financial position As at 31 December 2019

	Note	2019 £000's	2018 £000's
<b>Fixed assets</b>			
Tangible assets	12	478	521
		<u>478</u>	<u>521</u>
<b>Current assets</b>			
Work in progress		10	14
Debtors	13	1,299	763
Cash at bank and in hand		-	9
		<u>1,309</u>	<u>786</u>
Creditors: amounts falling due within one year	14	(2,683)	(1,714)
<b>Net current liabilities</b>		<u>(1,374)</u>	<u>(928)</u>
<b>Total assets less current liabilities</b>		<u>(896)</u>	<u>(407)</u>
Creditors: amounts falling due after more than one year	15	(14)	(72)
Provisions for liabilities	16	(112)	(109)
<b>Net liabilities</b>		<u>(1,022)</u>	<u>(588)</u>
<b>Capital and reserves</b>			
Called up share capital	17	5	5
Capital contribution reserve		176	176
Capital redemption reserve		(18)	(18)
Accumulated losses		(1,185)	(751)
<b>Total equity shareholders' deficit</b>		<u>(1,022)</u>	<u>(588)</u>

The notes on pages 12 to 27 are an integral part of these financial statements.

The financial statements on pages 9 to 27 were authorised for issue by the board of directors on 10 September 2020 and were signed on its behalf.

Joerg Hempelmann  
Joerg Hempelmann (Sep 10, 2020 10:40 GMT+2)

Joerg Hempelmann  
Director  
FCB Health Hampshire Limited  
Registered No. 2818414

# FCB Health Hampshire Limited

## Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £000's	Capital contribution reserve £000's	Capital redemption reserve £000's	Accumulated losses £000's	Total Equity £000's
At 1 January 2018	5	176	(18)	(74)	89
Loss for the financial year	-	-	-	(677)	(677)
<b>Total comprehensive loss for the year</b>	-	-	-	(677)	(677)
<b>At 31 December 2018</b>	<b>5</b>	<b>176</b>	<b>(18)</b>	<b>(751)</b>	<b>(588)</b>

	Called up share capital £000's	Capital contribution reserve £000's	Capital redemption reserve £000's	Accumulated losses £000's	Total Equity £000's
At 1 January 2019	5	176	(18)	(751)	(588)
Loss for the financial year	-	-	-	(434)	(434)
<b>Total comprehensive loss for the year</b>	-	-	-	(434)	(434)
<b>At 31 December 2019</b>	<b>5</b>	<b>176</b>	<b>(18)</b>	<b>(1,185)</b>	<b>(1,022)</b>

# **FCB Health Hampshire Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **1 General information**

The Company's principal activity during the year was that of advertising and marketing.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 3 Grosvenor Gardens, London, UK, SW1W 0BD.

### **2 Statement of compliance**

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

### **3 Summary of significant accounting policies**

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

#### **a) Basis of preparation**

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

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

#### **b) Going concern**

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

As at 31 December 2019, the Company had net current liabilities of £1,374,000 (2018: net current liabilities of £928,000). These financial statements are prepared on a going concern basis which is appropriate due to the continued financial support of the company parent company, Interpublic Limited. The directors have received confirmation that Interpublic Limited intends to support the Company for at least one year after these financial statements are signed.

#### **c) Exemptions for qualifying entities under FRS 102**

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

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

#### **d) Revenue recognition**

Turnover represents invoiced billings, excluding value added tax and adjusted for accrued and deferred balances, in respect of fees and rechargeable costs.

Fees were recognised over the period using completed contract, straight-line or proportional performance methods. Completed contract methods applied to all jobs where values were less than £10,000 and lifespan was three months or less, according to The Interpublic Group of Companies Inc. accounting policy.

Fees were recognised over the period or on the date of completion of projects or contracts. Attributable profit is that computed on a combination of factors; primarily time elapsed and work done, where the final profit can be assessed on a prudent basis. Revenues that are recognised ahead of billings are shown as accrued income. Expenses recharged to the client are recognised as turnover. Revenue is deferred when the recognition criteria above cannot be met.

# **FCB Health Hampshire Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **e) Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

- **Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

- **Pension costs**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost charge disclosed in note 21 represents contributions payable by the Company to the fund.

Contributions payable in respect of employees' personal pension plans are expensed in the statement of comprehensive income as they are incurred.

- **Annual bonus plan**

The Company operates an annual bonus plan for some employees. An expense is recognised in the statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### **f) Foreign currencies**

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

#### **g) Leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of membership remain with the lessor, are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

#### **h) Taxation**

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

Current and deferred taxation assets and liabilities are not discounted.

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

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

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

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

# FCB Health Hampshire Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 3 Summary of significant accounting policies (continued)

#### i) Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the assets evenly over their expected useful lives as follows:

Equipment, fixtures & fittings	3-10 years
Asset retirement obligation	Lesser of 10 years or the remaining life of the lease
Long leasehold and leasehold improvements	Lesser of 10 years or the remaining life of the lease
Computer hardware and software	3-4 years

The assets' useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

#### j) Work in progress

Work in progress comprises external charges for goods and services incurred on behalf of clients which have still to be invoiced to clients. Work in progress is stated at the lower of cost or net realisable value. The Company assesses annually at the reporting date if any impairment is required and recognises any impairment loss to the statement of comprehensive income.

#### k) Financial instruments

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

##### (i) Financial assets

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

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

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

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

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

## **FCB Health Hampshire Limited**

### **Notes to the financial statements for the year ended 31 December 2019 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **(ii) Financial liabilities**

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

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

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

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

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

##### **l) Deferred income**

Deferred income represents revenue invoiced in advance of services that have not yet been rendered to clients.

##### **m) Called up share capital**

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

##### **n) Distributions to equity holders**

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

##### **o) Related party disclosures**

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

Under FRS 102 Advantage has been taken of the exemption for Related Party Disclosures not to disclose transactions with companies that are part of the IPG Group. The address at which the consolidated financial statements of The Interpublic Group of Companies, Inc. are publicly available is shown in note 24.

##### **p) Incentive compensation plans**

Compensation costs related to share-based transactions, including employee stock options, are recognised in the financial statements based on fair value. Stock-based compensation expense is generally recognised over the requisite service period based on the estimated grant-date fair value. Cash settled share based payments are measured at fair value at the statement of financial position date and are included in creditors.

The movement in cumulative expense since the previous statement of financial position date is recognised in the statement of comprehensive income, with a corresponding entry in creditors.

Cash awards are generally granted on an annual basis and have a service period vesting condition and generally vest in three years. Cash awards do not fall within the scope of share based payments as they are not paid in equity and the value of the award is not correlated with The Interpublic Group of Companies, Inc. share price. The present value of the amount expected to vest for cash awards and performance cash awards over the vesting period is amortised using the straight-line method in the statement of comprehensive income.

**Notes to the financial statements for the year ended 31 December 2019 (continued)**

**3 Summary of significant accounting policies (continued)**

**q) Netting off policy**

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

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

**4 Critical accounting estimates and assumptions**

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

**(a) Critical accounting estimates and assumptions**

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

**(i) Useful economic lives of tangible assets (note 3i)**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 3i for the useful economic lives for each class of assets.

**(ii) Impairment of trade and other debtors (note 13)**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

**(iii) Financial instruments (note 3k)**

Financial assets are assessed for objective evidence of impairment annually and if an asset is impaired. Key sources of estimation are used to fair value certain non-controlling interest put/call option, which are accounted for as a derivative, and in fair valuing group loans received/issued at non-market rates.



## FCB Health Hampshire Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 5 Turnover

	2019 £000's	2018 £000's
Turnover by origin		
United Kingdom	3,658	3,324
	<u>3,658</u>	<u>3,324</u>

The analysis above is by geographical origin, being the location of the Company, which is performing the service for the customer, who may be located in a different location.

Turnover is wholly attributable to the principal activity of the Company.

#### 6 Operating loss

The following amounts have been charged/(credited) in arriving at the operating loss:

	2019 £000's	2018 £000's
Employee costs (note 9)	2,648	2,443
Depreciation		
- Tangible fixed assets	81	64
- Asset retirement obligation	10	11
Remuneration of auditors		
- Statutory audit fees	19	19
Loss on disposal of tangible assets	1	3
Exchange loss/(gain)	109	(34)
Operating lease rentals		
- Office space	123	135
- Other	6	3

# FCB Health Hampshire Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 7 Interest receivable and similar income

	2019 £000's	2018 £000's
Interest receivable on bank accounts	4	-
	<u>4</u>	<u>-</u>
	<u>4</u>	<u>-</u>

### 8 Interest payable and similar expenses

	2019 £000's	2018 £000's
Interest payable on bank overdrafts	8	2
Unwinding of discount	4	-
	<u>12</u>	<u>2</u>
	<u>12</u>	<u>2</u>

### 9 Employee costs

	2019 £000's	2018 £000's
Wages and salaries (including directors)	2,028	1,919
Social security costs	245	236
Pension costs (note 21)		
- Defined contribution	64	75
Severance expense	193	125
Share based payment costs	18	55
Miscellaneous, non-share based incentives and other costs	100	33
	<u>2,648</u>	<u>2,443</u>
Employee costs	<u>2,648</u>	<u>2,443</u>

The Company's employees are principally located in the United Kingdom.

The average monthly number of people employed (including directors) by the Company during the year is set out below:

	2019	2018
United Kingdom	38	39
	<u>38</u>	<u>39</u>
Average monthly number employed	<u>38</u>	<u>39</u>

# FCB Health Hampshire Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 9 Employee costs (continued)

#### Key management compensation

The compensation paid or payable to key management (including directors) for employee services is shown below:

	2019 £000's	2018 £000's
Wages and salaries	542	564
Social security costs	80	71
Pension costs (note 21)		
- Defined contribution	25	45
Severance expense	101	-
Share based payments costs	18	55
Miscellaneous, non-share based incentives and other costs	26	24
Key management compensation	<u>792</u>	<u>759</u>

### 10 Directors' emoluments

The directors are remunerated by the Company in respect of their services to the Company.

	2019 £000's	2018 £000's
Aggregate emoluments, including benefits in kind	311	469
Defined contribution scheme - company contributions	21	44
Severance expense	101	-
Share option expense	18	54
	<u>451</u>	<u>567</u>

#### Highest paid director

	2019 £000's	2018 £000's
Aggregate emoluments, including benefits in kind	188	166
Defined contribution scheme - company contributions	15	16
Share option expense	28	27
	<u>231</u>	<u>209</u>

Retirement benefits are accruing to 1 director under a defined contribution scheme (2018: 3)

During the year no director exercised share options (2018: none).

# FCB Health Hampshire Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 11 Tax on loss

	2019 £000's	2018 £000's
<b>Current taxation</b>		
	-	-
Adjustments in respect of prior years		
- UK corporation taxation	2	-
	2	-
<b>Total current taxation</b>	2	-
<b>Deferred taxation</b>		
	-	-
<b>Total deferred taxation</b>	-	-
<b>Tax on loss</b>	2	-

#### Factors affecting the tax charge for the year

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The difference is explained below:

	2019 £000's	2018 £000's
<b>Loss on ordinary activities before taxation</b>	(432)	(677)
<b>Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)</b>	(82)	(128)
<b>Effects of:</b>		
Expenses not deductible for taxation purposes	1	3
Group relief for nil consideration	81	128
Adjustments in respect of prior years	1	-
Unrecognised deferred tax	1	(3)
<b>Total tax for the year</b>	2	-

A reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020 has been substantively enacted. However, this was subsequently reversed in March 2020.

At 31 December 2019 there were unused trading losses and non-trading deficits of £nil (2018: £nil) that are available indefinitely for offset against the Company's future taxable profits, and capital losses of £nil (2018: £nil) that are available for offset indefinitely against the Company's future capital gains.

# FCB Health Hampshire Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 12 Tangible assets

	Long leasehold & leasehold improvements £000's	Computer equipment £000's	Equipment, fixtures & fittings £000's	Asset retirement obligation £000's	Total £000's
<b>At 31 December 2018</b>					
Cost	450	105	43	101	699
Accumulated depreciation	(70)	(74)	(16)	(18)	(178)
<b>Net book value</b>	<b>380</b>	<b>31</b>	<b>27</b>	<b>83</b>	<b>521</b>
<b>Cost</b>					
1 January 2019	450	105	43	101	699
Additions	-	49	-	-	49
Disposals	-	(37)	(5)	-	(42)
<b>31 December 2019</b>	<b>450</b>	<b>117</b>	<b>38</b>	<b>101</b>	<b>706</b>
<b>Accumulated depreciation</b>					
1 January 2019	(70)	(74)	(16)	(18)	(178)
Charge for the year	(46)	(26)	(9)	(10)	(91)
Disposals	-	37	4	-	41
<b>31 December 2019</b>	<b>(116)</b>	<b>(63)</b>	<b>(21)</b>	<b>(28)</b>	<b>(228)</b>
<b>Net book value</b>					
<b>31 December 2019</b>	<b>334</b>	<b>54</b>	<b>17</b>	<b>73</b>	<b>478</b>
<b>Net book value</b>					
<b>31 December 2018</b>	<b>380</b>	<b>31</b>	<b>27</b>	<b>83</b>	<b>521</b>

## FCB Health Hampshire Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 13 Debtors

##### Debtors: amounts falling due within one year

	2019 £000's	2018 £000's
Trade debtors	841	520
Amounts owed by group undertakings	146	43
Other debtors	12	15
Corporation tax	-	32
Prepayments and accrued income	300	153
	<u>1,299</u>	<u>763</u>

All amounts owed by Group undertakings are unsecured and repayable on demand.

#### 14 Creditors: amounts falling due within one year

	2019 £000's	2018 £000's
Bank loans and overdrafts	1,599	1,102
Trade creditors	524	228
Amounts owed to group undertakings	150	85
Other creditors including taxation and social security	76	64
Incentive compensation plans	138	156
Accruals and deferred income	196	79
	<u>2,683</u>	<u>1,714</u>

Amounts owed to group undertakings are unsecured, repayable on demand and do not accrue interest.

The Group participates in The Interpublic Group of Companies, Inc. pooling arrangement with Lloyds Banking Group plc. The overdraft interest rate is linked to bank base rate and bank borrowing is secured by an ultimate parent undertaking guarantee. The remaining creditors are unsecured.

#### 15 Creditors: amounts falling due after more than one year

	2019 £000's	2018 £000's
Deferred lease credits	14	72
	<u>14</u>	<u>72</u>

Deferred lease credits are in respect of property lease incentives received at the inception of the lease.

# FCB Health Hampshire Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 16 Provisions for liabilities

	Asset retirement obligations £000's	Total £000's
At 1 January 2018	(104)	(104)
Unwinding of discount	(5)	(5)
At 31 December 2018	(109)	(109)

	Credits, discounts and rebates £000's	Asset retirement obligations £000's	Restated Total £000's
At 1 January 2019	-	(109)	(109)
Increase/(decrease) in provision	-	(3)	(3)
At 31 December 2019	-	(112)	(112)

#### Asset retirement obligations

The Group has a provision for liabilities relating to dilapidation costs on a number of leased properties. The provision is expected to be utilised when the respective leases terminate between 2019 and 2027.

### 17 Called up share capital

	2019 Number (000's)	2018 Number (000's)	2019 £000's	2018 £000's
Allotted and fully paid: A ordinary shares of £1.00 each	5	5	5	5

## FCB Health Hampshire Limited

### Notes to the financial for the year ended 31 December 2019 (continued)

#### 18 Capital and other commitments

	2019 £000's	2018 £000's
<b>Capital commitments</b>		
At 31 December, the Company had no capital commitments or future contracts (2018: none)		
<b>Operating lease commitment</b>		
As at 31 December, the Company had the following total future minimum lease payments commitments under non-cancellable operating leases for each of the following periods:		
<b>Payments due:</b>		
- Not later than one year	142	142
- Later than one year and not later than five years	549	554
- Later than five years	266	403
<b>Total minimum lease commitments</b>	<b>957</b>	<b>1,099</b>

#### 19 Contingent liabilities

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

#### 20 Share based payments

##### Long term incentive plans

The Interpublic Group of Companies, Inc. issues stock and cash based incentive awards to employees under a plan established by The Interpublic Group of Companies, Inc., along with other companies in the Interpublic group, participates in The Interpublic Group of Companies, Inc. long term incentive plans. Refer to The Interpublic Group of Companies, Inc. 2019 Form 10-K for further disclosures relating to their long term incentive plans.

##### Effect of share-based payment transactions on company's results and the financial position

	2019 £000's	2018 £000's
Total expense recognised for equity-settled share based transactions	18	55
Total expense recognised for share based transactions	18	55
Closing liability/other reserves for equity-settled share based transactions	-	27



## FCB Health Hampshire Limited

### Notes to the financial for the year ended 31 December 2019 (continued)

#### 20 Share based payments (continued)

##### Equity Settled Restricted Stock Units

Awards to be settled in shares are granted to certain key employees and are subject to certain restrictions and vesting requirements, as determined by The Interpublic Group of Companies, Inc.'s Compensation Committee. The vesting period is generally three years. The fair value of the restricted stock awards is based on The Interpublic Group of Companies, Inc.'s share price on the date the award is granted. No monetary consideration is paid by a recipient for a stock-settled award and the fair value of the shares determined on the grant date is amortized over the vesting period.

There were no equity settled restricted stock units awarded to FCB Health Hampshire Limited's employees prior to 2007.

The Interpublic Group of Companies, Inc. grants both time based and performance based restricted stock units to be settled in shares.

Performance-based awards have been granted subject to certain restrictions and vesting requirements as determined by The Interpublic Group of Companies, Inc.'s Compensation Committee. Performance-based awards are a form of stock-based compensation in which the number shares ultimately received by the participant depends on the Company and/or individual performance against specific performance targets.

The awards generally vest over a three-year period subject to the participant's continuing employment as well as the achievement of certain performance objectives. The final number of units and therefore shares that could ultimately be received by a participant ranges from 0% to 200% of the target amount of units originally granted. Stock-based compensation expense is amortised for the estimated number of performance-based awards that are expected to vest over the vesting period using the fair value of the shares at the end of the period.

##### Share Settled Performance Related Restricted Stock Units

Movements in the number of awards outstanding and their related weighted average exercise prices are as follows:

	2019 No. of units	2019 Weighted average fair value (£)	2018 No. of units	2018 Weighted average fair value (£)
Outstanding as at 1 January	5,070	16.32	6,164	14.92
Granted during the year	-	-	986	17.16
Cancelled during the year	(1,453)	16.50	-	-
Vested during the year	(2,164)	17.28	(2,080)	17.32
Outstanding at 31 December	1,453	17.49	5,070	16.32

Compensation expense in connection with the restricted stock awards was £4,044 in 2019 (2018: expense £50,313). The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards.

Total accrued liability in relation to unvested awards as at 31 December 2019 is £nil (2018: £nil).

##### Share Settled Time Based Restricted Stock Units

Movements in the number of awards outstanding and their related weighted average exercise prices are as follows:

	2019 No. of units	2019 Weighted average fair value (£)	2018 No. of units	2018 Weighted average fair value (£)
Outstanding as at 1 January	986	16.32	-	-
Granted during the year	-	-	986	17.16
Cancelled during the year	(493)	16.50	-	-
Outstanding at 31 December	493	17.49	986	16.32

Compensation expense in connection with the restricted stock awards was £2,168 in 2019 (2018: expense £nil). The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards.

## **FCB Health Hampshire Limited**

### **Notes to the financial statements for the year ended 31 December 2019 (continued)**

#### **21 Pensions**

##### **Defined contributions scheme**

The Company participates in a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £63,696 (2018: £74,532). At 31 December 2019, £4,792 remained unpaid and accrued (2018: £8,479).

#### **22 Events after the reporting period**

Since 31 December 2019, COVID-19 has been declared as a pandemic. The Company has determined that, in line with Section 32 of FRS102, this is a non-adjusting event after the end of the reporting period. Accordingly, the financial position and results for the year ending 31 December 2019 have not been adjusted to reflect the impact of the pandemic. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

#### **23 Company information**

The Company is registered in the United Kingdom and its registered office is at 3 Grosvenor Gardens, London, UK, SW1W 0BD.

#### **24 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is APL Group Limited, a company registered in England and Wales. Copies of its financial statements are available 3 Grosvenor Gardens, London, SW1W 0BD.

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

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2019.

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