

Registration number: 06692583

Haygarth Group Limited

Annual Report and Unaudited Consolidated Financial Statements

for the Year Ended 31 December 2020

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Haygarth Group Limited

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Haygarth Group Limited

Strategic Report for the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

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 directors are pleased with the performance of the Group which comprises the activities of the marketing agencies Haygarth and TracyLocke and in addition, the event staffing business, POD Staffing. Gross profit increased 7.7% year on year and operating profit also increased 20.9%.

At the year end, the Group had net current assets of £6,117,489 (2019: £3,695,121). The directors consider that the Group has access to sufficient funding to meet its requirements for the reasons set out in note 1 to the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

A wide variety of indicators are used to measure the performance of the Group and to benchmark it against industry standards. Year on year comparisons of gross profit, operating profit, operating profit margin, gross profit per head and staff costs as a percentage of gross profit are considered to be key.

	Unit	2020	2019
Gross Profit	£'000	11,951	11,108
Operating Profit	£'000	2,612	2,160
Operating Profit margin	%	22	19
Gross Profit per head	£'s	127,134	109,984
Staff costs as a % of Gross Profit	%	48	52

The Group's creative reputation and ability to achieve high standards has again been recognised in the industry. The following selection of award winning work is testament to this:

- Campaign Event Awards – Gold and Silver Awards “Bravest Campaign”, “Outstanding Creative Idea” and “Experiences for Good” - BikerTek
- Campaign Event Awards – Bronze Award “Global Brand Activation” – Juvederm Beauty Decoded Live
- IPM – Gold Awards – “Connected Shopper Activation of the Year” and “Best On In or With Pack Activation”
- All Access with Jack
- IPM – Gold and Bronze Awards – “Creative Execution” and “Experiential Activation Near a Retail - Vodafone #BeUnlimited
- IPM – Gold and Silver Awards – “Insight/ Strategy”, “Use of Art Direction, Messaging and Design” and “Connected Shopper Activation of the Year” - We summer. Oui Boursin
- EFFIES UK - SHORTLISTED - “Seasonal Shopper” - We summer. Oui Boursin
- IPM – Gold Awards – “Brand Partnership Activation of the Year” - Babybel Dares
- IPM – Gold Awards – “Staff Engagement as part of an Experiential campaign” - Givenchy L'Interdit
- POPAI - Gold and Silver Awards in “Shopper Marketing” for All Access with Jack and “Sustainability” for Kiehl's Under the Sustainabilisea.

Haygarth Group Limited

Strategic Report for the year ended 31 December 2020

Principal risks and uncertainties

The management of the Group and the nature of the Group's strategy are subject to a number of risks.

Competition

The market in which the Group operates is competitive and there is an on-going risk of losing clients to competitors. The Group adopts a policy of regularly monitoring clients' expectations and client feedback and adopts a variety of quality control procedures. On-going monitoring of changes in the market-place within which the Group operates, ensures the business stays abreast of the latest developments.

No individual client accounts for more than 37% of total Group revenues and there is a broad mix of clients across different sectors.

Proportion of fixed overheads and variable revenues

A proportion of the Group's overheads are fixed and there is the risk that any significant decreases in revenue may lead to a reduction in profit margins. Management closely monitor overheads against budget and against forecast on a monthly basis and cost saving exercises will be deployed in the event of an unanticipated decline in revenues.

Events/Provision of Client Services

Compliance with relevant statutory requirements and voluntary codes of practice normally applied within the advertising, sales promotion, public relations and direct & digital marketing industries is maintained in consultation with professional bodies and legal advisers where appropriate.

Promotional events organised by the Group often involve one or more of: i) a large number of the general public ii) children iii) physical activities. Measures taken to reduce any identified risks involve health and safety assessments, public liability disclaimers and ensuring comprehensive insurance policies are in place.

Terms and conditions with suppliers are reviewed to ensure that the Company does not expose itself to any unnecessary risks.

Employee engagement and retention

The Group employs 94 staff who are key to the success of the business. The Group's employment policies, training and development, remuneration and benefits packages are designed to be extremely competitive within the market place and the Group strives to provide staff with fulfilling career opportunities where possible.

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

Marcus Sandwith

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M O Sandwith
Director

Haygarth Group Limited

Directors' Report for the year ended 31 December 2020

The directors present their report and the for the year ended 31 December 2020.

The Company changed its name from Haygarth Enterprises Limited to Haygarth Group Limited on 22nd August 2018.

Principal activity

The principal activity of the Company is that of a holding company.

The consolidated results of the Group are comprised of the activities of the marketing agencies Haygarth, TracyLocke and in addition, the event staffing business POD Staffing.

Haygarth is a best in class creative agency specialising in FMCG and retail marketing. The core capabilities of the business are promotional marketing, shopper marketing, experiential, social media and PR, trade marketing, creative technology and ATL.

TracyLocke is a marketing agency which specialises in FMCG and retail marketing.

POD Staffing is a specialist staffing agency involved in the supply of brand ambassadors who are engaged to execute client marketing campaigns.

Dividends

The directors did not recommend a dividend in respect of the year ended 31 December 2020 (2019: £4,058,588).

Directors of the Group

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

M O Sandwith

D M Nagy (resigned 8 October 2020)

M G Barlow (resigned 6 January 2020)

M A Watkins

J R Paolino III (appointed 6 January 2020 and resigned 8 October 2020)

J M W Betts (appointed 27 October 2020)

Political and charitable donations

During the year the Group made political donations of £Nil (2019: £Nil). Donations to charity amounted to £525 (2019: £150).

Going concern

At the end of the year the Company had net current assets of £6,117,489 (2019: £3,695,121). The directors consider that the Company has access to sufficient funding to meet its funding requirements for the reasons set out in note 1 to the financial statements.

On this basis along with the fact that the company has access to Group funding should the need arise, the Directors have prepared the financial statements on a going concern basis.

Post balance sheet events

On 4 June 2021 the company paid a dividend of £3,600,000. This has not been included in the accounts as it was not approved before the year end.

Haygarth Group Limited

Directors' Report for the year ended 31 December 2020

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

Marcus Sandwith

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M O Sandwith
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

Haygarth Group 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 elected to prepare 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.

Haygarth Group Limited

Consolidated Profit and Loss Account for the year ended 31 December 2020

	Note	2020 £	2019 £
Gross billings		17,169,392	18,332,539
Rebillable costs		<u>(2,971,165)</u>	<u>(875,242)</u>
Turnover	2	14,198,227	17,457,297
Direct costs		<u>(2,247,608)</u>	<u>(6,348,871)</u>
Gross profit		11,950,619	11,108,426
Administrative expenses		(9,489,253)	(8,948,250)
Other operating income		<u>150,771</u>	<u>-</u>
Operating profit	3	<u>2,612,137</u>	<u>2,160,176</u>
Other interest receivable and similar income	6	3,890	14,304
Interest payable and similar charges	7	<u>(4,564)</u>	<u>(4,610)</u>
		<u>(674)</u>	<u>9,694</u>
Profit before tax on ordinary activities		2,611,463	2,169,870
Taxation	8	<u>(556,576)</u>	<u>(482,650)</u>
Profit for the financial year		<u><u>2,054,887</u></u>	<u><u>1,687,220</u></u>

The results shown above are derived wholly from continuing operations.

The group has no recognised gains or losses for the year or prior year other than the results above. Consequently, a statement of comprehensive income has not been prepared.

Haygarth Group Limited
(Registration number: 06692583)
Consolidated Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	10	918,336	1,220,144
Tangible assets	11	<u>90,219</u>	<u>189,198</u>
		<u>1,008,555</u>	<u>1,409,342</u>
Current assets			
Stocks	13	22,927	39,043
Debtors (including £35,824 (2019: £29,247) due after more than one year)	14	10,592,816	6,631,917
Cash at bank and in hand		<u>23,266</u>	<u>3,333</u>
		10,639,009	6,674,293
Creditors: Amounts falling due within one year	15	<u>(4,521,520)</u>	<u>(2,979,172)</u>
Net current assets		<u>6,117,489</u>	<u>3,695,121</u>
Total assets less current liabilities		7,126,044	5,104,463
Creditors: Amounts falling due after more than one year	15	<u>(43,560)</u>	<u>(76,866)</u>
Net assets		<u>7,082,484</u>	<u>5,027,597</u>
Capital and reserves			
Called up share capital	16	2,672,250	2,672,250
Capital redemption reserve		175,000	175,000
Retained earnings		3,877,734	1,822,847
Merger reserve		<u>357,500</u>	<u>357,500</u>
Equity attributable to owners of the company		<u>7,082,484</u>	<u>5,027,597</u>
Total equity		<u>7,082,484</u>	<u>5,027,597</u>

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

M A Watkins
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M A Watkins
Director

Haygarth Group Limited
(Registration number: 06692583)
Company Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Fixed Asset Investments	12	3,597,978	3,597,978
Current assets			
Debtors	14	82,844	82,456
Creditors: Amounts falling due within one year	15	<u>(10,647)</u>	<u>(9,146)</u>
Net current assets		<u>72,197</u>	<u>73,310</u>
Net assets		<u><u>3,670,175</u></u>	<u><u>3,671,288</u></u>
Capital and reserves			
Called up share capital	16	2,672,250	2,672,250
Capital redemption reserve		175,000	175,000
Retained earnings		<u>822,925</u>	<u>824,038</u>
Total equity		<u><u>3,670,175</u></u>	<u><u>3,671,288</u></u>

The company made a loss after tax for the financial year of £1,113 (2019 - profit of £4,059,731).

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

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

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

M A Watkins

M A Watkins
Director

Haygarth Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Share capital £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total £
At 1 January 2020	2,672,250	175,000	357,500	1,822,847	5,027,597
Profit for the year	-	-	-	2,054,887	2,054,887
Total comprehensive income	-	-	-	2,054,887	2,054,887
At 31 December 2020	2,672,250	175,000	357,500	3,877,734	7,082,484

	Share capital £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total £
At 1 January 2019	2,672,250	175,000	357,500	4,194,215	7,398,965
Profit for the year	-	-	-	1,687,220	1,687,220
Total comprehensive income	-	-	-	1,687,220	1,687,220
Dividends	-	-	-	(4,058,588)	(4,058,588)
At 31 December 2019	2,672,250	175,000	357,500	1,822,847	5,027,597

The notes on pages 12 to 26 form an integral part of these financial statements.

Haygarth Group Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2020	2,672,250	175,000	824,038	3,671,288
Loss for the year	-	-	(1,113)	(1,113)
Total comprehensive income	-	-	(1,113)	(1,113)
At 31 December 2020	2,672,250	175,000	822,925	3,670,175

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2019	2,672,250	175,000	822,895	3,670,145
Profit for the year	-	-	4,059,731	4,059,731
Total comprehensive income	-	-	4,059,731	4,059,731
Dividends	-	-	(4,058,588)	(4,058,588)
At 31 December 2019	2,672,250	175,000	824,038	3,671,288

The notes on pages 12 to 26 form an integral part of these financial statements.
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Haygarth Group Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		2,054,887	1,687,220
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	3	381,063	407,863
(Profit)/loss on disposal of tangible assets		(1,718)	1,174
Finance income	6	(3,890)	(11,304)
Finance costs	7	4,564	4,610
Income tax expense	8	556,576	482,650
Receipts from government grants		116,800	-
		<u>3,108,282</u>	<u>2,569,213</u>
Working capital adjustments			
Decrease in stocks	13	16,116	312,818
(Increase)/decrease in trade debtors	14	(3,946,715)	4,010,075
Increase/(decrease) in trade creditors	15	<u>1,542,348</u>	<u>(2,256,092)</u>
Cash generated from operations		720,031	4,636,014
Income taxes paid		<u>(689,206)</u>	<u>(513,136)</u>
Net cash flow from operating activities		<u>30,825</u>	<u>4,122,878</u>
Cash flows from investing activities			
Interest received		3,890	14,304
Acquisitions of tangible assets	11	(20,128)	(65,667)
Proceeds from sale of tangible assets		41,403	(3)
Interest paid		<u>(4,564)</u>	<u>(4,610)</u>
Net cash flows from investing activities		<u>20,601</u>	<u>(55,976)</u>
Cash flows from financing activities			
Finance lease creditors receipts/(payments)		(31,493)	(11,797)
Dividends paid		<u>-</u>	<u>(4,058,588)</u>
Net cash flows from financing activities		<u>(31,493)</u>	<u>(4,070,385)</u>
Net increase/(decrease) in cash and cash equivalents		19,933	(3,483)
Cash and cash equivalents at 1 January		<u>3,333</u>	<u>6,816</u>
Cash and cash equivalents at 31 December		<u><u>23,266</u></u>	<u><u>3,333</u></u>

The notes on pages 12 to 26 form an integral part of these financial statements.

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

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.

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

Summary of disclosure exemptions

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

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Key Management Personnel compensation.

As the consolidated financial statements of 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.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2020.

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

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.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the Group profit and loss account include the results of subsidiaries from the date of acquisition and to the date of sale outside the Group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006. Its loss for the financial year was £1,113 (2019: £4,059,731 profit).

Going concern

The Group has net current assets of £6,117,489 at 31 December 2020 (2019: £3,695,121). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate as the directors consider that the Group will have access to sufficient funding to meet its needs for the reasons set out below.

The Group participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance Limited the group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Group depositing cash with Omnicom Finance Limited or by Omnicom Finance Limited depositing cash with the Group. The Group's access to borrowings under the cash concentration arrangement is not limited as long as these borrowings are required in the normal course of business and are made in accordance with the Omnicom Group Inc Grant of Authority 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 of the Group consider the combination of the group facilities and expected funding requirements of the Omnicom Group Inc. and its subsidiaries provides sufficient access to funding to ensure that the Group is able to meet its liabilities as they fall due for the foreseeable future. As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Gross Billings

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

Gross billings comprises the gross amounts billed to clients, exclusive of Value Added Tax. In respect of contracts for on-going services, gross billings represents the value of work done in the year, including estimates of amounts not invoiced. Gross billings in respect of contracts for on-going services are recognised by reference to stage of completion. The stage of completion is calculated with reference to the actual time taken to date and the estimated time to completion.

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

Rebillable costs

Rebillable costs comprise third party costs for those services that the Group is arranging for its clients in its capacity as an intermediary including media, photography, art buying and costs where the client directs the spend to a client preferred supplier. The Group contracts directly with suppliers and is responsible for their payment, recharging its clients for all costs incurred. Although the Group bears credit risk in respect of these activities, the arrangements with its clients are such that, in effect it acts as an intermediary on behalf of its client. Where the Group acts as an intermediary, costs incurred with external suppliers are excluded from turnover.

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.

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.

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.

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 retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date.

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

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
Leasehold improvements	remainder of the lease
Furniture, fittings and equipment	25% straight line
Motor vehicles	25% straight line
Office equipment	25% straight line

Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment. Goodwill is amortised over its estimated useful life of 10 years. Software is amortised on a straight line basis over its estimated useful life of 4 years.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

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 services performed in the ordinary course of business.

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 Group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Work in progress is valued on the basis of direct costs. Provision is made for any foreseeable losses where appropriate.

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

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

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 element 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.

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.

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.

Defined contribution pension obligation

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

Government grants

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

2 Turnover

The whole of the Group's gross billings, turnover and operating profit for the year related to its principal activity.

The analysis of the Group's turnover for the year, by geographic destination from continuing operations for rendering of services, is as follows:

	2020	2019
	£	£
UK	11,819,634	11,849,496
Europe	730,008	3,513,700
Americas	(25,471)	98,770
Rest of world	1,674,056	1,995,331
	<u>14,198,227</u>	<u>17,457,297</u>

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

3 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	79,255	105,857
Amortisation of goodwill	299,036	299,036
Amortisation of software	2,772	2,970
Foreign exchange (gains) / losses	3,786	8,347
(Profit)/loss on disposal of property, plant and equipment	(1,718)	1,174
Operating lease expense - property	155,601	385,004
Hire of other assets - rentals payable under operating leases	<u>631,175</u>	<u>50,000</u>

Included in operating profit are Governments grants of £116,800 received from the Coronavirus Job Retention Scheme.

4 Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	304,827	299,784
Company contributions to money purchase pension schemes	18,000	18,000
	<u>322,827</u>	<u>317,784</u>

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

	2020	2019
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	201,263	201,179
Company contributions to money purchase pension schemes	<u>10,000</u>	<u>10,000</u>

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

5 Staff costs

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

	2020	2019
	£	£
Wages and salaries	4,916,373	4,805,197
Social security costs	592,497	600,622
Pension and other post-employment benefit costs	167,535	305,029
Severance/loss of office	96,114	13,542
	<u>5,772,519</u>	<u>5,724,390</u>

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

	2020	2019
	No.	No.
Administration and support	9	13
Other departments	85	88
	<u>94</u>	<u>101</u>

6 Other interest receivable and similar income

	2020	2019
	£	£
Receivable from group undertakings	<u>3,890</u>	<u>14,304</u>

7 Interest payable and similar expenses

	2020	2019
	£	£
Finance charges payable in respect of finance leases and hire purchase contracts	<u>4,564</u>	<u>4,610</u>

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

8 Taxation

Tax charged in the income statement

	2020 £	2019 £
Current taxation		
Current tax on income for the period	562,963	481,455
Adjustments in respect of previous periods	190	6,714
	<u>563,153</u>	<u>488,169</u>
Deferred taxation		
Origination and reversal of timing differences	(8,374)	(8,536)
Effect of increased/decreased tax rate on opening liability	(3,017)	3,017
Adjustment in respect of previous periods	4,814	-
Total deferred taxation	<u>(6,577)</u>	<u>(5,519)</u>
Tax expense in the income statement	<u>556,576</u>	<u>482,650</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>2,611,463</u>	<u>2,169,870</u>
Corporation tax at standard rate	496,178	412,275
Effect of expense not deductible in determining taxable profit (tax loss)	58,411	60,644
Deferred tax expense (credit) relating to changes in tax rates or laws	(3,017)	3,017
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	4,814	-
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	190	6,714
Total tax charge	<u>556,576</u>	<u>482,650</u>

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the group's future current tax charge accordingly. The deferred tax asset at balance sheet date has been calculated at 19% (2019: 17%).

The March 2021 Budget announced that a rate of 25% would apply with effect from 1 April 2023. This change was substantively enacted on 24 May 2021. This will increase the group's future current tax charge accordingly and increase the deferred tax asset by £11,315.

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £
2020	
Difference between accumulated depreciation and amortisation and capital allowances	35,824
Other timing differences	-
	<u>35,824</u>
2019	
	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	23,828
Other timing differences	5,419
	<u>29,247</u>

9 Dividends

	2020 £	2019 £
Dividend of £Nil (2019 - £53.16) per ordinary share	<u>-</u>	<u>4,058,588</u>

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

10 Intangible assets

Group	Goodwill £	Software £	Total £
Cost or valuation			
At 1 January 2020	<u>2,990,362</u>	<u>11,876</u>	<u>3,002,238</u>
At 31 December 2020	<u>2,990,362</u>	<u>11,876</u>	<u>3,002,238</u>
Amortisation			
At 1 January 2020	1,776,264	5,830	1,782,094
Amortisation charge	<u>299,036</u>	<u>2,772</u>	<u>301,808</u>
At 31 December 2020	<u>2,075,300</u>	<u>8,602</u>	<u>2,083,902</u>
Carrying amount			
At 31 December 2020	<u>915,062</u>	<u>3,274</u>	<u>918,336</u>
At 31 December 2019	<u>1,214,098</u>	<u>6,046</u>	<u>1,220,144</u>

Under FRS 102 the goodwill of the Group is considered to have a useful economic life of 10 years. The amortisation charge to the profit and loss account for the year is £299,036 (2019: £299,036).

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

11 Tangible fixed assets

Group	Leasehold improvements £	Furniture, fittings and equipment £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 January 2020	202,372	360,440	5,250	496,178	1,064,240
Additions	-	-	9,995	10,133	20,128
Disposals	(202,372)	-	(5,250)	(1,058)	(208,680)
At 31 December 2020	-	360,440	9,995	505,253	875,688
Depreciation					
At 1 January 2020	155,938	353,944	5,250	359,910	875,042
Charge for the year	6,749	5,290	2,499	64,717	79,255
Disposal	(162,687)	-	(5,250)	(1,058)	(168,995)
Transfers	-	-	-	167	167
At 31 December 2020	-	359,234	2,499	423,736	785,469
Carrying amount					
At 31 December 2020	-	1,206	7,496	81,517	90,219
At 31 December 2019	46,434	6,496	-	136,268	189,198

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

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:

	2020 £	2019 £
Office equipment	<u>69,375</u>	<u>91,402</u>

12 Fixed assets investments

Company

Shares in group undertakings £

Subsidiaries

Cost

At 1 January 2020	<u>3,597,978</u>
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At 31 December 2020	<u>3,597,978</u>
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Carrying amount

At 31 December 2020	<u>3,597,978</u>
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At 31 December 2019	<u>3,597,978</u>
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13 Stocks

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Work in progress	<u>22,927</u>	<u>39,043</u>	<u>-</u>	<u>-</u>

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

14 Debtors

		Group		Company	
	Note	2020 £	2019 £	2020 £	2019 £
Trade debtors		1,516,335	3,634,269	-	-
Amounts owed by group undertakings – trading balances		3,211,130	284,844	288	-
Amounts owed by group undertakings - loans and advances		5,485,251	2,143,066	81,991	81,865
Other debtors		136,730	63,577	565	591
Deferred tax assets	8	35,824	29,247	-	-
Prepayments and accrued income		207,546	476,914	-	-
		<u>10,592,816</u>	<u>6,631,917</u>	<u>82,844</u>	<u>82,456</u>

The Company and its subsidiaries participates in a cash concentration arrangement with its fellow subsidiary, *Omnicom Finance Limited*, the *Omnicom Europe Limited* group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company and its subsidiaries depositing cash with *Omnicom Finance Limited* or by *Omnicom Finance Limited* depositing cash with the Company and its subsidiaries. Included in Amounts owed by group undertakings - loans and advances is £5,485,251 (2019: £2,143,066) representing cash deposited by the Company and its subsidiaries under these arrangements.

15 Creditors

		Group		Company	
	Note	2020 £	2019 £	2020 £	2019 £
Due within one year					
Obligations under finance lease and hire purchase contracts		40,395	42,561	-	-
Trade creditors		743,168	449,867	-	-
Amounts owed to group undertakings - trading balances		647,027	329,097	9,146	7,646
Taxation and social security		892,117	622,400	-	-
Accruals and deferred income		<u>2,198,813</u>	<u>1,535,247</u>	<u>1,501</u>	<u>1,500</u>
		<u>4,521,520</u>	<u>2,979,172</u>	<u>10,647</u>	<u>9,146</u>
Due after one year					
Obligations under finance lease and hire purchase contracts		<u>43,560</u>	<u>76,866</u>	<u>-</u>	<u>-</u>

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

16 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £35 each	<u>76,350</u>	<u>2,672,250</u>	<u>76,350</u>	<u>2,672,250</u>

17 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £167,535 (2019: £305,029).

18 Commitments

Operating leases

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

19 Related party transactions

Summary of transactions with subsidiaries

At 31 December 2020, 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.

20 Parent and ultimate parent undertaking

The ultimate parent is Omnicom Group Inc, incorporated in the United States of America. These Financial Statements are available upon request from Omnicom Group Inc.'s registered address, 280 Park Avenue, New York, NY 10017, United States.

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

Haygarth Group Limited

Notes to the Financial Statements for the year ended 31 December 2020

21 Details of undertaking

Subsidiary exemption

The following UK subsidiaries of the Group, having met the criteria set out in sections 479A 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 2020:

Haygarth Communications Limited
 POD Staffing Limited
 TracyLocke Limited

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. The subsidiary investments are consolidated in these Consolidated Financial Statements.

Undertaking	Company number	Country of incorporation	Holding	Proportion of voting rights and shares held	Principle activity	Registered address
Subsidiary undertakings						
Haygarth Communications Limited (*)	2496952	England	Ordinary	100	FMCG and Marketing	Retail Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
POD Staffing Limited (*)	7420729	England	Ordinary	100	Marketing	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
TracyLocke Limited (*)	4254423	England	Ordinary	100	Marketing Communications	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England

(*) Direct subsidiaries of Haygarth Group Limited.