

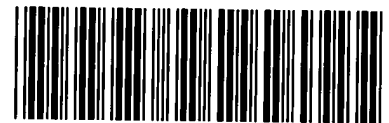
Registration number: 12540769

Southwark Financial Services Limited

Annual Report and Financial Statements

for the Period from 31 March 2020 to 31 December 2020

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Southwark Financial Services Limited

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Southwark Financial Services Limited

Strategic Report for the Period from 31 March 2020 to 31 December 2020

The directors present their strategic report for the period from 31 March 2020 to 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).

Section 172 Companies Act 2006

The success of the Group depends on the ability to engage effectively with all stakeholders and this is consistent with the ethos of Section 172 of the Companies Act 2006. This sets out that a director should have regard to stakeholder interests when discharging their duty to promote the success of the Company.

The Board has deeply engaged with the group's vision, values and goals, recognising that they underpin everything the Company does as a business. This helps to strengthen relationships with key stakeholders.

Fair review of the business

The Company's operations developed satisfactorily during the year and the directors consider future trading prospects to be good given the continuing growth of the Omnicom Group.

The Company's key financial performance indicator during the year was net interest paid or received. Every month the net position was reviewed by management and appropriate financing and interest rate decisions taken to ensure that returns were appropriate.

Principal risks and uncertainties

The Directors consider the principal risks and uncertainties the company faces to be:

- the risk of a further downturn in the world economy
- the risk of a default on loan receivables.

The Directors believe that these risks are effectively managed through close monitoring of interest rates and a strong focus on credit limits.

We are continuing to monitor the impact of COVID-19 on both the company and wider group. The group has a diversified client base to minimise the impact to revenue, however the pandemic has had a material adverse effect on the business, results of operation and financial position.

The vote to leave the EU and the subsequent triggering of article 50 has brought about uncertainty affecting economic outlook of all sectors of the UK economy. It is still unclear what effect the Brexit Withdrawal Agreement will have on both the UK and EU economies and media sector in particular. We are monitoring developments in this respect.

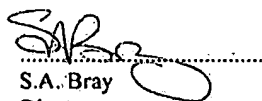
Southwark Financial Services Limited

Strategic Report for the Period from 31 March 2020 to 31 December 2020

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

As the Company provides funding to fellow subsidiaries of the Omnicom Group the performance of those agencies and the growth in the size of the Group are the factors most likely to affect future development and profitability. The success of the Group is dependent on the general economic environment and the ability of our agencies to retain and win new clients.

Approved by the Board on 26 August 2021 and signed on its behalf by:


.....
S.A. Bray
Director

Southwark Financial Services Limited

Directors' Report for the Period from 31 March 2020 to 31 December 2020

The directors present their report and the financial statements for the period from 31 March 2020 to 31 December 2020.

Principal activity

The principal activity of the company is the lending of money in USD, hence USD is the currency from which its financing activities are generated and the currency in which its debts were issued.

Functional currency

The loans on the balance sheet are denominated in USD and the interest it receives is in USD and USD is therefore the Company's functional currency.

Registered office

The address of the Company's registered office is Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England.

Incorporation

The company was incorporated on 31 March 2020.

The accounting reference period has been shortened to begin on incorporation date of 31 March 2020 and end on 31 December 2020. Subsequent periods will end on 31 December.

Significant Events

On incorporation, the Company issued 8 Ordinary Shares of \$1 each and 2 Ordinary Non-Voting Shares of \$1 each to Southwark Investment Holdings Limited. On 30 April 2020 these shares were transferred to Washington Investments ZRT (WIZ).

On 7 May 2020, WIZ assigned \$200,172,463 of Intercompany Receivables to the Company in exchange for the allotment of 160,137,978 Ordinary Shares of \$1 each and 40,034,495 Ordinary Non-Voting Shares of \$1 each. On the same day, the Company entered into a loan agreement with Southwark Finance Limited (SFL) for the principal sum of \$1,799,827,537 and in exchange SFL assigned £1,799,827,537 of Intercompany Receivables to the Company.

As at 31 December 2020, the Company had outstanding loan receivable balances totalling \$2,005,455,335 attributable to the Intercompany Receivables assigned by WIZ and SFL. All these outstanding loan receivable balances had maturity dates falling due in April 2027.

As at 31 December 2020, the Company had an outstanding loan balance of \$1,804,171,273 owing to SFL with a loan maturity date in May 2027.

Dividends

The company declared and paid dividends of \$9,500,000 in respect of the period end 31 December 2020.

Southwark Financial Services Limited

Directors' Report for the Period from 31 March 2020 to 31 December 2020

Directors of the company

The directors who held office during the period and up to the date of authorisation were as follows:

S.C.N. Medhurst (appointed 31 March 2020)

A.P. Phipkin (appointed 31 March 2021 and resigned 31 July 2021)

The following director was appointed after the period end:

S.A. Bray (appointed 1 August 2021)

Relationships with suppliers and customers

There were no suppliers or customers involved with the entity during the year. These factors are considered by other entities within the group who are in contact with suppliers and customers as well as other stakeholders.

Going concern

At the end of the period the Company had net current assets of \$2,356,876. The directors consider that the Company has access to sufficient funding to meet its funding requirements for the reasons set out in note 1 to the financial statements. Accordingly the directors have prepared the financial statements on a going concern basis.

COVID-19

Impact on the Company

Despite the pandemic, the company expects to continue accessing group funding through Omnicom Group Inc. This will provide sufficient access to funding to ensure that the Company is able to meet its liabilities as they fall due for the foreseeable future. For further details on this arrangement please refer to Note 1 in the financial statements.

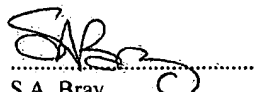
Disclosure of information to the auditor

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

Appointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be appointed and KPMG LLP will therefore hold office.

Approved by the Board on 26 August 2021 and signed on its behalf by:


S.A. Bray
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

Southwark Financial Services Limited

Statement of Directors' Responsibilities in respect of the annual report and the financial statements

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 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 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 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 company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Southwark Financial Services Limited

Opinion

We have audited the financial statements of Southwark Financial Services Limited ("the company") for the period ended 31 December 2020 which comprise the profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of Southwark Financial Services Limited

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and legal department and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words e.g. reversal/restatement/reclassification, those posted by individuals who typically do not make journal entries, those posted as post-clearing entries with little/no explanation and those posted to suspense accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report to the Members of Southwark Financial Services Limited

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Southwark Financial Services Limited

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

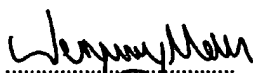
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



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

26 August 2021

Southwark Financial Services Limited

Profit and Loss Account for the Period from 31 March 2020 to 31 December 2020

		31 March 2020 to 31 December 2020
	Note	\$
Other interest receivable and similar income	4	80,449,139
Interest payable and similar expenses	5	<u>(64,438,676)</u>
Profit before taxation		16,010,463
Tax on profit	6	<u>(3,041,988)</u>
Profit after taxation		<u><u>12,968,475</u></u>

The results shown above are derived wholly from continuing operations.

The Company has no recognised gains or losses for the period other than the results above.

Southwark Financial Services Limited

Statement of Comprehensive Income for the Period from 31 March 2020 to 31 December 2020

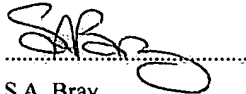
	31 March 2020 to 31 December 2020 \$
Profit for the period	<u>12,968,475</u>
Total comprehensive income for the period	<u><u>12,968,475</u></u>

Southwark Financial Services Limited

**(Registration number: 12540769)
Balance Sheet as at 31 December 2020**

	Note	31 December 2020 \$
Current assets		
Debtors (including \$2,005,455,345 due after more than one year)	7	2,007,812,221
Creditors: Amounts falling due after more than one year	8	<u>(1,804,171,273)</u>
Net assets		<u>203,640,948</u>
Capital and reserves		
Called up share capital	9	200,172,473
Retained earnings		<u>3,468,475</u>
Total equity		<u>203,640,948</u>

Approved by the Board on 26 August 2021 and signed on its behalf by:



S.A. Bray
Director

Southwark Financial Services Limited

Statement of Changes in Equity for the Period from 31 March 2020 to 31 December 2020

	Share capital \$	Retained earnings \$	Total \$
Profit for the period	-	12,968,475	12,968,475
Total comprehensive income	-	12,968,475	12,968,475
Dividends	-	(9,500,000)	(9,500,000)
New share capital subscribed	200,172,473	-	200,172,473
At 31 December 2020	<u>200,172,473</u>	<u>3,468,475</u>	<u>203,640,948</u>

On incorporation the Company issued 8 Ordinary Shares of \$1 each and 2 Ordinary Non-Voting Shares of \$1 each to Southwark Investment Holdings Limited. On 30 April 2020 the shares were transferred to Washington Investments ZRT (WIZ). On 7 May 2020 the assignment of Intercompany Receivables from WIZ totalling \$200,172,463 was made for the allotment of 160,137,978 Ordinary Shares of \$1 each and 40,034,495 Ordinary Non-Voting Shares of \$1 each.

The notes on pages 14 to 20 form an integral part of these financial statements.

Southwark Financial Services Limited

Notes to the Financial Statements for the Period from 31 March 2020 to 31 December 2020

1 Accounting policies

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 and domiciled in England and Wales.

The financial statements are presented in US Dollar, the Company's functional currency.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group accounts as the Company is included in the consolidated accounts of a larger group headed by Omnicom Group Inc., a parent undertaking established under the law of the United States of America. These financial statements present information about the Company as an individual undertaking and not about its group.

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:

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

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

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

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

Southwark Financial Services Limited

Notes to the Financial Statements for the Period from 31 March 2020 to 31 December 2020

Going concern

The Company has net current assets of \$2,356,876 at 31 December 2020. The financial statements have been prepared on a going concern basis as the directors consider that the Company will have access to sufficient funding to meet its needs for the reasons set out below.

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Capital Inc., the group's US treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Capital Inc. or by Omnicom Capital Inc. depositing cash with the Company. The Company's access to borrowings under the cash concentration arrangement is not limited as long as these borrowings are required in the normal course of business and are made in accordance with the Omnicom Group Inc Grant of Authority and includes a period of at least 12 months from the date of approval of these financial statements.

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

The directors have made a going concern assessment which covers a period of at least 12 months from the date of approval of these financial statements, taking account of severe but plausible downside scenario, that indicates the company will have sufficient funds to meet its liabilities as they fall due throughout that period, via the group facilities described above. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

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.

Trade and other debtors

Short term debtors are measured at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Southwark Financial Services Limited

Notes to the Financial Statements for the Period from 31 March 2020 to 31 December 2020

Trade and other creditors

Short term creditors are measured at the transaction price. Creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

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

Dividends paid during the period are recognised as a reduction to the Retained Earnings balance.

2 Auditor's remuneration

The audit fee for the Company was \$6,824 which has been borne by Omnicom Management Limited. No other fees were paid to the auditor.

3 Directors' remuneration

The directors are not remunerated specifically for their services to Southwark Financial Services Limited.

4 Other interest receivable and similar income

	31 March 2020 to 31 December 2020
	\$
Receivable from group undertakings	<u><u>80,449,139</u></u>

5 Interest payable and similar expenses

	31 March 2020 to 31 December 2020
	\$
Payable to group undertakings	<u><u>64,438,676</u></u>

Southwark Financial Services Limited

Notes to the Financial Statements for the Period from 31 March 2020 to 31 December 2020

6 Taxation

Tax charged in the profit and loss account

31 March 2020
to 31 December
2020
\$

Current taxation

Current tax on income for the period

3,041,988

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

31 March 2020
to 31 December
2020
\$

Profit before tax

16,010,463

Corporation tax at standard rate

3,041,988

Total tax charge

3,041,988

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 company's future current tax charge accordingly.

The March 2021 Budget announced that a rate of 25% would apply with effect from 1 April 2023. This will have a consequential impact on the company's future tax charge.

Southwark Financial Services Limited

Notes to the Financial Statements for the Period from 31 March 2020 to 31 December 2020

7 Debtors

	31 December 2020
	\$
Amounts owed by group undertakings - trading balances	2,344,951
Amounts owed by group undertakings - loans and advances	2,005,455,345
Other debtors	11,925
	<u>2,007,812,221</u>

Details of non-current trade and other debtors

\$2,005,455,345 of Amounts owed by Group undertakings - loans and advances is classified as non current.

On 7 May 2020, the Company was assigned \$200,172,463 in Intercompany Receivables from Washington Investments ZRT and \$1,799,827,537 in Intercompany Receivables from Southwark Finance Limited. As at 31 December 2020, the total principal sum of these Intercompany Receivables was \$2,000,000,000 and interest accrued but not yet paid during the period totalled \$5,455,345. The details of these Intercompany Receivables are summarised below:

- \$200,172,463 loan agreement with Omnicom Group Inc. This loan has a maturity date of 1 April 2027.
- \$154,797,439 loan agreement with DDB Florida Inc. This loan has a maturity date of 1 April 2027.
- \$400,000,000 loan agreement with DDB Worldwide Communications Group LLC. This loan has a maturity date of 1 April 2027.
- \$360,000,000 loan agreement with DAS Holdings Inc. This loan has a maturity date of 15 April 2027.
- \$635,000,000 loan agreement with TBWA Worldwide Inc. This loan has a maturity date of 15 April 2027.
- \$250,030,098 loan agreement with Zimmerman Advertising LLC. This loan has a maturity date of 15 April 2027.

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Capital Inc., the UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Capital Inc. or by Omnicom Capital Inc. depositing cash with the Company. Included in 'Amounts owed by group undertakings - trading balances' is \$2,344,951 representing cash advanced to the company under these arrangements.

8 Creditors

	31 December 2020
	\$
Due after one year	
Amounts owed to group undertakings - loans and advances	<u>1,804,171,273</u>

As at 31 December 2020, the Company had an outstanding loan balance of \$1,804,171,273 owing to Southwark Finance Limited with a loan maturity date in May 2027.

Southwark Financial Services Limited

Notes to the Financial Statements for the Period from 31 March 2020 to 31 December 2020

9 Share capital

Allotted, called up and fully paid shares

	2020	
	No.	\$
Ordinary Shares of \$1 each	160,137,978	160,137,978
Ordinary Non-Voting Shares of \$1 each	<u>40,034,495</u>	<u>40,034,495</u>
	<u>200,172,473</u>	<u>200,172,473</u>

On incorporation the Company issued 8 Ordinary Shares of \$1 each and 2 Ordinary Non-Voting Shares of \$1 each to Southwark Investment Holdings Limited. On 30 April 2020 the shares were transferred to Washington Investments ZRT (WIZ). On 7 May 2020 the assignment of Intercompany Receivables from WIZ totalling \$200,172,463 was made for the allotment of 160,137,978 Ordinary Shares of \$1 each and 40,034,495 Ordinary Non-Voting Shares of \$1 each.

The 160,137,978 ordinary shares of \$1 each rank pari passu in all respects, carry voting rights, and there are no restrictions on dividends. The 40,034,495 non-voting ordinary voting shares of \$1 each rank pari passu in all respects, do not have voting rights, and there are no restrictions on dividends.

10 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.

11 Parent and ultimate parent undertaking

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

These financial statements are available upon request from Omnicom Group Inc's registered address, 280 Park Avenue, New York, NY 10017, United States.

No other group accounts include the results of the Company.

Southwark Financial Services Limited

Notes to the Financial Statements for the Period from 31 March 2020 to 31 December 2020

12 Post balance sheet events

In July 2021, the Company paid a dividend of \$10,700,000 to its sole shareholder Washington Investments ZRT.

No significant adjusting events have occurred between balance date and the date of authorisation.