

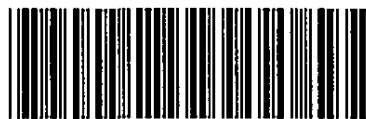
Registration number 01935786

Abbott Mead Vickers BBDO Limited

Strategic Report, Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2014

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Abbott Mead Vickers BBDO Limited

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Abbott Mead Vickers BBDO Limited

Strategic Report for the Year Ended 31 December 2014

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

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

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

The profit for the year before taxation was £13,513,781 (2013 £13,755,002) on revenue of £64,588,206 (2013 £64,224,144)

The key performance indicators that we review focus on revenue, operating margin and administrative expenses on a percentage of revenue basis. We measure operating expenses in two distinct cost categories, staff costs and all other administrative expenses. Staff costs are primarily comprised of salaries, social security and employer pension contributions. Other administration expenses are primarily comprised of rent and occupancy costs, technology related costs and depreciation. Staff costs tend to fluctuate in conjunction with changes in revenue, whereas administrative expenses, which are not directly related to servicing clients, tend to decrease as a percentage of revenue as revenue increases because a significant portion of these expenses are relatively fixed in nature. During 2014, staff costs remained consistent at 48.4% of revenue (2013 49.2%). This consistency has been achieved as a result of the tight management of headcount.

Operating margin for 2014 was 20.8% (2013 21.3%). This is broadly consistent with the previous period and reflects the impact of new business wins along with related costs.

Office and administrative expenses, excluding staff costs for 2014 was 27.7% of revenue (2013 26.3%). This remains broadly in line with the prior year due to our continued focus on managing controllable costs. The Company's cash balance is disclosed as an intercompany debtor with the group's UK treasury company, Omnicom Finance plc. The cash balance included in intercompany debtors at 31 December 2014 is £34.1m (2013 £29.7m).

In addition to these financial key performance indicators we also measure and monitor staff and client satisfaction through independent third party providers.

Position of the Company at the year end

The company has net assets of £32,392,502 at 31 December 2014 (2013 £22,438,074).

Abbott Mead Vickers BBDO Limited
Strategic Report for the Year Ended 31 December 2014

Principal risks and uncertainties

The businesses in which we participate are highly competitive. Key competitive considerations for keeping existing business and winning new business include our ability to develop creative solutions that meet client needs, the quality and effectiveness of the services we offer, and our ability to efficiently serve clients, particularly large international clients, on a broad geographic basis. While many of our client relationships are long-standing, companies put their advertising, marketing and corporate communications services business up for competitive review from time to time. We have won and lost accounts in the past as a result of these reviews. To the extent that we are not able to remain competitive, our revenue may be adversely affected, which could then affect our results of operations and financial condition.

Government agencies and consumer groups have directly or indirectly from time to time affected or attempted to affect the scope, content and manner of presentation of advertising, marketing and corporate communications services, whether through regulations or other governmental action. Any such limitations on the scope of the content of our services could affect our ability to meet our clients' needs, which could have a material adverse effect on our results of operations and financial condition. In addition, there has been an increasing tendency on the part of businesses to resort to the judicial system to challenge advertising practices. While such claims have not had a material adverse effect on our operating performance in the past, we cannot assure you that such claims by businesses or governmental agencies will not have a material adverse effect on our results of operations and financial condition in the future.

In addition, we may lose or fail to attract and retain key personnel. Our employees are our most important assets. Our ability to retain key personnel is an important aspect of our competitiveness. Our continuing ability to attract and retain those employees is important to our business and if we are unable to do so, our ability to provide our services in the manner our customers have come to expect may be adversely affected, which could harm our reputation and result in a loss of clients, which could have a material adverse effect on our results of operations and financial condition.

Our clients generally are able to reduce marketing spending or cancel projects at any time for any reason. Any of our clients could decide not to continue to utilise our services to the same extent, as they have in the past, or at all, in the future. A significant reduction in marketing spending by our largest clients, or the loss of several of our largest clients, if not replaced by new client accounts or an increase in business from existing clients, would adversely affect our revenue, which could materially adversely affect our results of operations and financial condition.

Approved by the Board on 29 April 2015 and signed on its behalf by


Colin Fleming
Director

Abbott Mead Vickers BBDO Limited
Directors' Report for the Year Ended 31 December 2014

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

Principal activity

The principal activity of the company during the year continued to be that of an advertising agency

Dividends

No dividends were paid during 2014 (2013 £20,000,000)

Directors of the Company

The directors who held office during the year were as follows

Colin Fleming

Priscilla Snowball

Ian Pearman

Political and charitable contributions

The Company made no political contributions during the year (2013 £0) Donations to charities amounted to £102,312 (2013 £94,099)

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Approved by the Board on 29 April 2015 and signed on its behalf by



Colin Fleming
Director

151 Old Marylebone Road
London
NW1 5QE

Abbott Mead Vickers BBDO Limited
Statement of Directors' Responsibilities in respect of the Strategic Report and the
Directors' Report and the Financial Statements

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

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

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

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Abbott Mead Vickers BBDO Limited
Profit and Loss Account for the Year Ended 31 December 2014

	Note	2014 £	2013 £
Gross billings		127,365,755	137,359,155
Rebillable costs		<u>(62,777,549)</u>	<u>(73,135,011)</u>
Revenue		64,588,206	64,224,144
Direct costs		<u>(2,309,792)</u>	<u>(2,687,891)</u>
Gross profit		62,278,414	61,536,253
Administrative expenses		(49,139,868)	(48,480,416)
Other operating income		<u>281,392</u>	<u>600,000</u>
Operating profit	3	13,419,938	13,655,837
Other interest receivable and similar income	6	113,124	121,231
Interest payable and similar charges	7	<u>(19,281)</u>	<u>(22,066)</u>
Profit on ordinary activities before taxation		13,513,781	13,755,002
Tax on profit on ordinary activities	8	<u>(3,559,353)</u>	<u>(2,892,372)</u>
Profit for the financial year	16	<u>9,954,428</u>	<u>10,862,630</u>

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

The company has no recognised gains or losses for the year other than the results above.

Abbott Mead Vickers BBDO Limited
Registration number: 01935786

Balance Sheet as at 31 December 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	10	753,766	1,052,167
Current assets			
Stocks	11	9,414,292	10,241,715
Debtors	12	60,104,065	54,999,158
Cash at bank and in hand		6,494	2,467
		<u>69,524,851</u>	<u>65,243,340</u>
Creditors Amounts falling due within one year	13	<u>(37,730,040)</u>	<u>(43,749,493)</u>
Net current assets		<u>31,794,811</u>	<u>21,493,847</u>
Total assets less current liabilities		32,548,577	22,546,014
Creditors Amounts falling due after more than one year	14	<u>(156,075)</u>	<u>(107,940)</u>
Net assets		<u>32,392,502</u>	<u>22,438,074</u>
Capital and reserves			
Called up share capital	15	2	2
Profit and loss account	16	<u>32,392,500</u>	<u>22,438,072</u>
Shareholders' funds		<u>32,392,502</u>	<u>22,438,074</u>

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

Directors' responsibilities

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

Approved by the Board on 29 April 2015 and signed on its behalf by


Colin Fleming
Director

Abbott Mead Vickers BBDO Limited

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

	2014	2013
	£	£
Profit attributable to the members of the Company	9,954,428	10,862,630
Dividends	-	(20,200,000)
Other reserve movements	-	8,365
Net addition/(reduction) to shareholders funds	9,954,428	(9,329,005)
Shareholders' funds at 1 January	22,438,074	31,767,079
Shareholders' funds at 31 December	32,392,502	22,438,074

The notes on pages 8 to 18 form an integral part of these financial statements

Abbott Mead Vickers BBDO Limited

Notes to the Financial Statements

1 Accounting policies

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

Basis of preparation

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts as the Company is included in the consolidated accounts of AMV BBDO Investments Ltd, a parent undertaking established under the law of the United Kingdom. These financial statements present information about the Company as an individual undertaking and not about its group.

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

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

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

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

As the Company is a wholly owned subsidiary of Omnicom Group Inc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Omnicom Group Inc, within which this Company is included, can be obtained from the address given in note 19.

Fixed assets and depreciation

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

Asset class	Depreciation method and rate
Motor Vehicles	20% per annum
Leasehold Improvements	life of lease
Computer Hardware	25% per annum
Furniture and equipment	20/25% per annum

Abbott Mead Vickers BBDO Limited

Notes to the Financial Statements

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Post-retirement benefits

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

Work in progress

Work in progress is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Taxation

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

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

Dividends

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.

Abbott Mead Vickers BBDO Limited
Notes to the Financial Statements

2 Revenue

The whole of the Company's revenue and operating profit for the year related to its principal activity, which was that of an advertising agency, and which was carried out in the following locations

	UK £	Rest of World £	Total £
2014			
Revenue	<u>48,289,071</u>	<u>16,299,135</u>	<u>64,588,206</u>

	UK £	Rest of World £	Total £
2013			
Revenue	<u>46,805,910</u>	<u>17,418,234</u>	<u>64,224,144</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	2014 £	2013 £
Depreciation and other assets written off tangible fixed assets owned	643,129	523,674
Net exchange (gains)/losses	(75,551)	14,953
Profit on sale of tangible fixed assets	(4,502)	(2,349)
Hire of plant and machinery - rentals payable under operating leases	368,288	474,494
Hire of other assets - rentals payable under operating leases	2,001,505	2,282,294
Rental income	<u>(373,289)</u>	<u>(365,832)</u>

Abbott Mead Vickers BBDO Limited
Notes to the Financial Statements

4 Directors' remuneration

The remuneration of the directors were as follows

	2014	2013
	£	£
Directors' emoluments	930,771	1,002,784
Amounts receivable under long term incentive schemes	445,254	162,100
	<u>1,376,025</u>	<u>1,164,884</u>
Company contributions to money purchase pension schemes	81,514	82,300
	<u>1,457,539</u>	<u>1,247,184</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £760,504 (2013 £534,748), and Company pension contributions of £36,000 (2013 £36,000) were made to a money purchase scheme

During the year, the highest paid director exercised share options and received shares under a long term incentive scheme These amounted to £272,673 (2013 £32,218)

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

	2014 No.	2013 No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Exercised share options	<u>-</u>	<u>1</u>

The Company's directors participate in the restricted stock scheme operated by the Ultimate Parent Undertaking Shares were received or receivable under this restricted share scheme by 2 directors (2013 2)

Under this scheme, certain directors have been awarded restricted shares in the ultimate parent undertaking, Omnicom Group Inc The restricted shares typically vest in 20% annual increments provided the director remains an employee of the Omnicom group Restricted shares may not be sold, transferred, pledged or otherwise encumbered until the restrictions lapse Under most circumstances, the director forfeits the shares still subject to restriction, if the director ceases employment prior to the end of the period of restriction

Amounts recognised as long term incentives are in respect of restricted share awards vesting within the year At the end of the year the Company had accrued £1,775,466 (2013 £1,561,546) in respect of unvested restricted share awards to directors

Abbott Mead Vickers BBDO Limited
Notes to the Financial Statements

5 Staff numbers and costs

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

	2014 No.	2013 No.
Production	193	154
Administration and support	254	210
	<u>447</u>	<u>364</u>

The aggregate payroll costs were as follows

	2014 £	2013 £
Wages and salaries	26,518,169	25,759,901
Share related awards	282,654	270,361
Social security costs	3,270,370	3,157,912
Other pension schemes	1,193,990	1,080,989
Severance/loss of office	-	1,297,394
	<u>31,265,183</u>	<u>31,566,557</u>

6 Other interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	<u>113,124</u>	<u>121,231</u>

7 Interest payable and similar charges

	2014 £	2013 £
On bank loans and overdrafts	<u>19,281</u>	<u>22,066</u>

Abbott Mead Vickers BBDO Limited
Notes to the Financial Statements

8 Taxation

Tax on profit on ordinary activities

	2014	2013
	£	£
Current tax		
Current tax on income for the period	3,152,763	3,405,503
Adjustments in respect of previous years	<u>484,537</u>	<u>(355,175)</u>
Total current tax	<u>3,637,300</u>	<u>3,050,328</u>
Deferred tax		
Origination and reversal of timing differences	(101,497)	(153,843)
Adjustment in respect of previous years	<u>23,550</u>	<u>(4,113)</u>
Total deferred tax	<u>(77,947)</u>	<u>(157,956)</u>
Total tax on profit on ordinary activities	<u>3,559,353</u>	<u>2,892,372</u>

Factors affecting current tax charge for the year

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

The differences are reconciled below

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>13,513,781</u>	<u>13,755,002</u>
Corporation tax at standard rate	2,905,463	3,198,038
Capital allowances in excess of depreciation	81,133	70,069
Other timing differences	(4,223)	92,600
Expenses not deductible for tax purposes	170,390	44,796
Adjustment for prior periods	<u>484,537</u>	<u>(355,175)</u>
Total current tax	<u>3,637,300</u>	<u>3,050,328</u>

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

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

Abbott Mead Vickers BBDO Limited
Notes to the Financial Statements

9 Dividends

	2014 £	2013 £
Dividends paid		
Current year interim dividend paid	<u>-</u>	<u>20,200,000</u>

Abbott Mead Vickers BBDO Limited
Notes to the Financial Statements

10 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 January 2014	5,116,503	2,887,331	151,583	3,985,845	12,141,262
Additions	2,921	22,131	-	319,676	344,728
Adjustment to opening balance	1,812	-	-	(1,812)	-
At 31 December 2014	5,121,236	2,909,462	151,583	4,303,709	12,485,990
Depreciation					
At 1 January 2014	4,625,880	2,739,104	138,833	3,585,278	11,089,095
Charge for the year	396,696	39,628	4,443	202,362	643,129
At 31 December 2014	5,022,576	2,778,732	143,276	3,787,640	11,732,224
Net book value					
At 31 December 2014	98,660	130,730	8,307	516,069	753,766
At 31 December 2013	490,623	148,227	12,750	400,567	1,052,167

Abbott Mead Vickers BBDO Limited
Notes to the Financial Statements

11 Stocks

	2014 £	2013 £
Work in progress	<u>9,414,292</u>	<u>10,241,715</u>

12 Debtors

	2014 £	2013 £
Trade debtors	16,855,254	13,946,824
Amounts owed by group undertakings - trading balances	6,072,402	5,499,176
Amounts owed by group undertakings - loans and advances	34,087,501	29,732,545
Other debtors	359,229	3,208,359
Deferred tax asset	301,394	223,447
Prepayments and accrued income	<u>2,428,285</u>	<u>2,388,807</u>
	<u>60,104,065</u>	<u>54,999,158</u>

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, the Omnicom Europe Limited group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance plc or by Omnicom Finance plc depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is £34.1m (2013: £29.7m) representing cash deposited by the Company under these arrangements.

Deferred tax

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

Analysis of deferred tax

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	77,736	22,749
Other timing differences	<u>223,658</u>	<u>200,698</u>
	<u>301,394</u>	<u>223,447</u>

Abbott Mead Vickers BBDO Limited
Notes to the Financial Statements

13 Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	25,023,880	33,264,787
Amounts owed to group undertakings - trading balances	4,950,340	4,740,751
Taxation and social security	4,280,333	2,979,227
Other creditors	-	221,142
Accruals and deferred income	3,475,487	2,543,586
	<u>37,730,040</u>	<u>43,749,493</u>

14 Creditors: Amounts falling due after more than one year

	2014	2013
	£	£
Other creditors	<u>156,075</u>	<u>107,940</u>

15 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

16 Reserves

	Total
	£
At 1 January 2014	22,438,072
Profit for the year	<u>9,954,428</u>
At 31 December 2014	<u>32,392,500</u>

Abbott Mead Vickers BBDO Limited

Notes to the Financial Statements

17 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2014		2013	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within 1 year	2,030,000	37,000	-	152,000
2 to 5 years	-	32,000	2,030,000	105,000
Over 5 years	-	-	-	8,000
	<u>2,030,000</u>	<u>69,000</u>	<u>2,030,000</u>	<u>265,000</u>

18 Pension schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,080,989 (2013 - £1,057,356)

Contributions amounting to £302,946 (2013 £169,752) were payable to the scheme and are included in creditors

19 Ultimate parent company

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

The largest group in which the results of the Company are consolidated is that headed by Omnicom Group Inc. The consolidated accounts of this company are available to the public and may be obtained from Omnicom Group Inc., 437 Madison Avenue, New York, NY 10022, USA

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