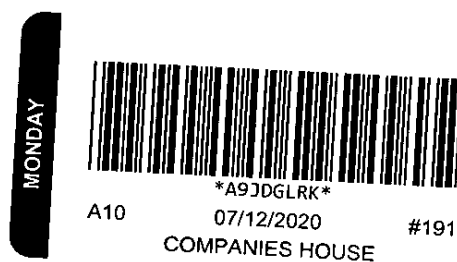


Registration number: 01935786

Abbott Mead Vickers.BBDO Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2019



Abbott Mead Vickers.BBDO Limited

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Abbott Mead Vickers.BBDO Limited

Strategic Report for the year ended 31 December 2019

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

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

Our strategic plans are designed to create long-term beneficial effects for the company and wider group, and to continue its success. The Executive team works and empowers the management team to make day to day decisions but maintains visibility and accountability over these decisions through regular review and a robust corporate governance framework. We ensure we continue to review our annualised plan to ensure our strategic goals are achieved. We work hard to ensure we have diversified clients. We have controls in place to ensure we abide by all regulations and regularly review our KPIs agreed centrally as well as monthly financial reporting and cash planning.

The health, safety and wellbeing of employees is a primary consideration in the way business is run. We ensure we respect the culture instilled in our company from our founders. Retention and attraction of staff is key to our success and is the main driver of our specialised services and expertise. We aim to employ the best talent in the industry, we therefore continue to ensure we benchmark our remuneration packages.

We view our Suppliers as key partnerships that enable us to deliver a premium service to our clients, so we ensure we act responsibly and fairly in our engagements. Our clients are key to the successful delivery of the company's strategic objectives and we work hard to foster long term relationships to help drive client brands. Having these strong relationships helps to mitigate risk. We recognise that the Agency, Clients and Suppliers have to work together to achieve success for all and therefore the management retains strong visibility over these relationships.

Directors of the company and wider Omnicom group are committed to consideration of the community and environmental impacts of our work, as well as our wider social responsibilities. It is key that we understand communities so that we can make engaging advertising content for our clients to connect with their customers. Omnicom's Diversity and Inclusion policies encourage all members of the community to engage.

As directors, the intention is to ensure that management always operate the business with the integrity and high standards expected of a large company and market leader. We have clear codes of conduct that are shared with employees to ensure that everyone has a right to speak up. We have robust GDPR/data protection policies due to the confidentiality of client and employee information. Our IT security policies are maintained centrally and are cascaded down via regular online mandatory training for all employees.

The intention of the directors is always to behave fairly and responsibly and with transparency towards all shareholders and group members.

Abbott Mead Vickers.BBDO Limited

Strategic Report for the year ended 31 December 2019

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

The profit for the year before taxation was £13,173,170 (2018: £11,133,748) on turnover of £69,172,346 (2018: £67,086,314).

The key performance indicators that we review focus on turnover, operating expenses, and operating margin 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 2019, staff costs were at 43.3% of turnover (2018: 43.6%).

Office and administrative expenses, excluding staff costs for 2019 was 37.6% of turnover (2018: 39.9%).

Operating margin for 2019 was 19.1% (2018: 16.5%).

The Company's cash balance is disclosed as an intercompany debtor with the group's UK treasury companies, Omnicom Finance Limited and Omnicom Financial Services Limited. The cash balance included in intercompany debtors at 31 December 2019 is £15,444,543 (2018: £14,758,379).

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 £20,077,451 at 31 December 2019 (2018: £9,495,125).

Abbott Mead Vickers.BBDO Limited

Strategic Report for the year ended 31 December 2019

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.

Brexit

The vote to leave the EU and the subsequent triggering of article 50 has brought about uncertainty affecting economic outlook in all sectors of the UK economy.

At this stage of the leave process it is unclear what will be negotiated between the EU and the UK government and to what extent it will affect both economies, and media sector in particular. We are monitoring developments in this respect.

Abbott Mead Vickers.BBDO Limited

Strategic Report for the year ended 31 December 2019

Covid-19

Covid-19 has had a significant impact to the industry with reduced spend seen across a number of key business sectors such as retail, travel and automotive. Whilst we have seen revenue declines in these areas, AMV is fortunate to have a diverse client portfolio where some clients have not felt the impact and therefore have maintained their marketing budgets. Where revenues have reduced we have taken active steps to reduce our staff costs accordingly, significantly cut back on controllable overheads to help reduce the impact on our margin and take advantage of the VAT deferral scheme and job retention scheme introduced by the UK government. Cashflow remains strong and we have put in steps to ensure cash collection is a priority.

The directors are confident that AMV remains a going concern due to its diverse industry mix of clients and strong cash flow and anticipate the industry will show signs of recovery as consumer confidence starts to return.

Approved by the Board on 23 November 2020 and signed on its behalf by:


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Suzanne Gilson
Director

Abbott Mead Vickers.BBDO Limited

Directors' Report for the year ended 31 December 2019

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

Principal activity

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

Dividends

The directors confirmed that no dividend be paid in respect of the year ending 31st December 2019 (2018: £20,300,000).

Directors of the company

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

John Byrnes

Suzanne Gilson

James Moser

Sarah Douglas (appointed 1 January 2019)

Political and charitable donations

During the year the company made no political donations (2018: £nil). Donations to charity amounted to £30,165 (2018: £26,016).

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.

Employee involvement

We communicate the strategy and direction of the business through monthly updates to all employees through internal communications as well as regular formal and informal agency wide meetings. Our intranet contains contact information as well as our Company Handbook and other policy information.

Approved by the Board on 23 November 2020 and signed on its behalf by:

Suzanne Gilson

.....

Suzanne Gilson

Director

Bankside 3

90-100 Southwark Street

London

SE1 0SW

Abbott Mead Vickers.BBDO 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.

Abbott Mead Vickers.BBDO Limited

Profit and Loss Account for the year ended 31 December 2019

	Note	2019 £	2018 £
Gross billings		129,353,610	138,141,117
Rebillable costs		<u>(60,181,264)</u>	<u>(71,054,803)</u>
Turnover	2	69,172,346	67,086,314
Direct costs		<u>(4,260,322)</u>	<u>(4,795,872)</u>
Gross profit		64,912,024	62,290,442
Administrative expenses		<u>(51,667,901)</u>	<u>(51,217,229)</u>
Operating profit	3	13,244,123	11,073,213
Other interest receivable and similar income	6	78,506	70,708
Interest payable and similar expenses	7	<u>(149,459)</u>	<u>(10,173)</u>
Profit before taxation		13,173,170	11,133,748
Tax on profit	8	<u>(2,590,844)</u>	<u>(1,960,965)</u>
Profit after taxation		<u><u>10,582,326</u></u>	<u><u>9,172,783</u></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 comprehensive income has not been prepared.

Abbott Mead Vickers.BBDO Limited

**(Registration number: 01935786)
Balance Sheet as at 31 December 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	577,250	606,004
Investments	11	<u>2</u>	<u>2</u>
		<u>577,252</u>	<u>606,006</u>
Current assets			
Stocks	12	12,906,443	9,294,524
Debtors	13	44,713,704	34,390,187
Cash at bank and in hand		<u>13,203</u>	<u>12,109</u>
		57,633,350	43,696,820
Creditors: Amounts falling due within one year	14	<u>(37,108,570)</u>	<u>(33,854,955)</u>
Net current assets		<u>20,524,780</u>	<u>9,841,865</u>
Total assets less current liabilities		21,102,032	10,447,871
Creditors: Amounts falling due after more than one year	14	<u>(1,024,581)</u>	<u>(952,746)</u>
Net assets		<u>20,077,451</u>	<u>9,495,125</u>
Capital and reserves			
Called up share capital	15	2	2
Retained earnings		<u>20,077,449</u>	<u>9,495,123</u>
Total equity		<u>20,077,451</u>	<u>9,495,125</u>

For the year ending 31 December 2019 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 23 November 2020 and signed on its behalf by:

Suzanne Gilson

.....

Suzanne Gilson

Director

The notes on pages 10 to 23 form an integral part of these financial statements.

Abbott Mead Vickers.BBDO Limited

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

	Share capital £	Retained earnings £	Total £
At 1 January 2019	<u>2</u>	<u>9,495,123</u>	<u>9,495,125</u>
Profit for the year	<u>-</u>	<u>10,582,326</u>	<u>10,582,326</u>
Total comprehensive income	<u>-</u>	<u>10,582,326</u>	<u>10,582,326</u>
At 31 December 2019	<u><u>2</u></u>	<u><u>20,077,449</u></u>	<u><u>20,077,451</u></u>

	Share capital £	Retained earnings £	Total £
At 1 January 2018	<u>2</u>	<u>20,622,340</u>	<u>20,622,342</u>
Profit for the year	<u>-</u>	<u>9,172,783</u>	<u>9,172,783</u>
Total comprehensive income	<u>-</u>	<u>9,172,783</u>	<u>9,172,783</u>
Dividends	<u>-</u>	<u>(20,300,000)</u>	<u>(20,300,000)</u>
At 31 December 2018	<u><u>2</u></u>	<u><u>9,495,123</u></u>	<u><u>9,495,125</u></u>

The notes on pages 10 to 23 form an integral part of these financial statements.

Abbott Mead Vickers.BBDO Limited

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

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 sterling 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 AMV BBDO Investments Limited, 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.

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 AMV BBDO Investments Limited 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..

Abbott Mead Vickers.BBDO Limited

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

Going concern

The Company has net assets of £20,077,451 at 31 December 2019 (2018: £9,495,125). The directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out below. Accordingly, the directors have prepared the financial statements on a going concern basis.

The Company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited and Omnicom Financial Services Limited, the group's UK treasury operations, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited and Omnicom Financial Services Limited or by Omnicom Finance Limited or Omnicom Financial Services Limited 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 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 consider the combination of the group facilities and expected funding requirements of 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.

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 in respect of commission based income together with the total of other fees earned and amounts recharged to clients for rebillable costs.

Rebillable costs

Rebillable costs comprise media payments and third party production costs for those services that the Company is arranging for its clients in its capacity as an intermediary. The Company contracts directly with suppliers and is responsible for their payment, recharging its clients for all costs incurred. Although the Company 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 Company acts as an intermediary, costs incurred with external suppliers are excluded from revenue.

Turnover

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 Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Company 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 Company's activities.

Abbott Mead Vickers.BBDO Limited

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

Foreign currency transactions and balances

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.

Foreign exchange movements that arise on consolidation of foreign operations are recognised in the Statement of Comprehensive Income.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold Improvements	life of lease
Office Equipment	25% per annum
Furniture and Equipment	20/25% per annum

Intangible assets

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

Fixed asset investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Stocks

Work in progress includes costs incurred on behalf of clients in providing advertising and marketing services, including media and production costs, and fees that have not yet billed, at net realisable value.

Abbott Mead Vickers.BBDO Limited

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

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.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

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.

Defined contribution pension obligation

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.

2 Turnover

The whole of the Company's gross billings, 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.

	2019	2018
	£	£
UK	54,263,903	44,731,734
Europe	10,833,763	12,551,769
Rest of world	4,024,680	9,802,811
	<u>69,172,346</u>	<u>67,086,314</u>

Abbott Mead Vickers.BBDO Limited

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

3 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation and other amounts written off tangible fixed assets: owned	249,858	205,695
Foreign exchange (gains) / losses	45,847	88,403
Profit on disposal of property, plant and equipment	(1,000)	-
Hire of plant and machinery - rentals payable	13,585	22,006
Hire of other assets - rentals payable	5,041,747	4,670,653
Rental income	<u>(32,918)</u>	<u>(27,666)</u>

4 Directors' remuneration

	2019 £	2018 £
Directors' emoluments	500,075	469,604
Company contributions to money purchase pension schemes	31,910	53,637
	<u>531,985</u>	<u>523,241</u>

The aggregate emoluments of the highest paid director was £339,938 (2018: £392,126) and Company pension contributions of £26,810 (2018: £50,615) were made to a money purchase scheme.

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

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

Abbott Mead Vickers.BBDO Limited

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

5 Staff costs

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

	2019 £	2018 £
Wages and salaries	24,887,609	24,171,011
Share related awards	136,751	20,363
Social security costs	2,953,898	3,029,709
Pension and other post-employment benefit costs	1,144,830	1,113,957
Severance/loss of office	828,562	936,218
	<u>29,951,650</u>	<u>29,271,258</u>

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

	2019 No.	2018 No.
Production	139	124
Administration and support	237	233
	<u>376</u>	<u>357</u>

6 Other interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	<u>78,506</u>	<u>70,708</u>

7 Interest payable and similar expenses

	2019 £	2018 £
Other interest payable	132,424	-
Finance charges payable in respect of finance leases and hire purchase contracts	<u>17,035</u>	<u>10,173</u>
	<u>149,459</u>	<u>10,173</u>

Abbott Mead Vickers.BBDO Limited

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

8 Taxation

Tax charged in the profit and loss account

	2019 £	2018 £
Current taxation		
Current tax on income for the period	2,526,201	2,120,709
Adjustments in respect of previous periods	52,309	(163,929)
	<u>2,578,510</u>	<u>1,956,780</u>
Deferred taxation		
Origination and reversal of timing differences	(1,419)	13,883
Effect of increased/decreased tax rate on opening liability	13,753	(15,696)
Adjustment in respect of previous periods	-	5,998
Total deferred taxation	<u>12,334</u>	<u>4,185</u>
Tax expense in the profit and loss account	<u>2,590,844</u>	<u>1,960,965</u>

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

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>13,173,170</u>	<u>11,133,748</u>
Corporation tax at standard rate	2,502,902	2,115,412
Effect of expense not deductible in determining taxable profit (tax loss)	21,880	19,180
Deferred tax expense (credit) relating to changes in tax rates or laws	13,753	(15,696)
Increase (decrease) in UK current tax from a prior period	52,309	(163,929)
Increase (decrease) in UK deferred tax from prior periods	-	5,998
Total tax charge	<u>2,590,844</u>	<u>1,960,965</u>

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

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

Abbott Mead Vickers.BBDO Limited

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

Deferred tax

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

	Asset £
2019	
Difference between accumulated depreciation and amortisation	94,313
Other timing differences	<u>196,146</u>
	<u>290,459</u>
2018	
Difference between accumulated depreciation and amortisation	101,246
Other timing differences	<u>27,989</u>
	<u>129,235</u>

9 Intangible assets

	Software £
Cost or valuation	
At 1 January 2019	<u>16,216</u>
At 31 December 2019	<u>16,216</u>
Amortisation	
At 1 January 2019	<u>16,216</u>
At 31 December 2019	<u>16,216</u>
Carrying amount	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

Abbott Mead Vickers.BBDO Limited

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

10 Tangible fixed assets

	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation			
At 1 January 2019	2,867,381	4,905,322	7,772,703
Additions	-	221,104	221,104
At 31 December 2019	<u>2,867,381</u>	<u>5,126,426</u>	<u>7,993,807</u>
Depreciation			
At 1 January 2019	2,829,022	4,337,677	7,166,699
Charge for the year	16,356	233,502	249,858
At 31 December 2019	<u>2,845,378</u>	<u>4,571,179</u>	<u>7,416,557</u>
Carrying amount			
At 31 December 2019	<u>22,003</u>	<u>555,247</u>	<u>577,250</u>
At 31 December 2018	<u>38,359</u>	<u>567,645</u>	<u>606,004</u>

Assets held under finance leases and hire purchase contracts

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

	2019 £	2018 £
Office Equipment	<u>497,510</u>	<u>432,272</u>

Abbott Mead Vickers.BBDO Limited

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

11 Fixed Asset Investments

Subsidiaries	Shares in group undertakings £	Total £
Cost		
At 1 January 2019	<u>2</u>	<u>2</u>
Carrying amount		
At 31 December 2019	<u>2</u>	<u>2</u>
At 31 December 2018	<u>2</u>	<u>2</u>

12 Stocks

	2019 £	2018 £
Work in progress	<u>12,906,443</u>	<u>9,294,524</u>

Abbott Mead Vickers.BBDO Limited

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

13 Debtors

	Note	2019 £	2018 £
Trade and other debtors		19,800,049	13,211,367
Amounts owed by group undertakings - trading balances		8,519,931	5,033,747
Amounts owed by group undertakings - loans and advances		15,455,264	14,770,076
Other debtors		469,279	521,265
Deferred tax assets	8	116,904	129,235
Prepayments and accrued income		352,277	724,497
		<u>44,713,704</u>	<u>34,390,187</u>

The Company 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 depositing cash with Omnicom Finance Limited or by Omnicom Finance Limited depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is £15,455,264 (2018: £14,770,077) representing cash deposited by the Company under these arrangements.

14 Creditors

	2019 £	2018 £
Due within one year		
Obligations under finance lease and hire purchase contracts	181,097	133,954
Trade and other creditors	22,630,705	20,295,333
Amounts owed to group undertakings - trading balances	4,165,310	5,217,024
Taxation and social security	3,440,532	1,955,844
Accruals and deferred income	6,690,926	6,252,800
	<u>37,108,570</u>	<u>33,854,955</u>
Due after one year		
Obligations under finance lease and hire purchase contracts	321,344	302,682
Other creditors	703,237	650,064
	<u>1,024,581</u>	<u>952,746</u>

Abbott Mead Vickers.BBDO Limited

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

15 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

16 Pension and other 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 £1,144,830 (2018: £1,113,957).

Contributions amounting to £379,611 (2018: £154,141) were payable to the scheme and are included in creditors.

17 Commitments

Operating leases

The Company's principal premises are leased from a fellow group company on terms with no future minimum lease payments. Costs during the year amounted to £5,031,881 (2018 : £4,651,238).

The total of future minimum lease payments on non-cancellable leases is as follows:

	2019	2018
	£	£
Not later than one year	-	2,056

18 Related party transactions

Summary of transactions with subsidiaries

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

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

Abbott Mead Vickers.BBDO Limited

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

Income and receivables from related parties

	Entities with joint control or significant influence £
2019	
Receipt of services	213,731
Amounts receivable from related party	<u>78,048</u>
	Entities with joint control or significant influence £
2018	
Receipt of services	396,670
Amounts receivable from related party	<u>149,514</u>

Expenditure with and payables to related parties

	Entities with joint control or significant influence £
2019	
Rendering of services	1,787,917
Amounts payable to related party	<u>717,928</u>
	Entities with joint control or significant influence £
2018	
Rendering of services	2,458,956
Amounts payable to related party	<u>574,222</u>

19 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, 437 Madison Avenue, New York, NY10022, 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.

Abbott Mead Vickers.BBDO Limited

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

20 Details of undertaking

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

Undertaking	Company number	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity	Registered address
Subsidiary undertakings						
Abbott Mead Vickers Group Pension Trustee Limited	3276270	England	Ordinary	100	Dormant	Bankside 3, 90-100 Southwark Street, London, SE1 0SW