

Registration number: 9913603

Omnicom Finance Brazil Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Omnicom Finance Brazil Limited

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Omnicom Finance Brazil Limited

Directors' Report for the year ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the company is the lending of money in BRL to other Omnicom group entities, hence BRL is the currency from which its financing activities are generated and the currency in which its debts were issued. The financial statements are presented in Brazilian Real (BRL). The loans on the Balance Sheet are denominated in BRL and the interest it receives is in BRL. The Company's functional currency is therefore BRL.

Dividends

The directors have not declared a Dividend for the year ended 31 December 2018 (2017: BRL66,483,926).

Directors of the company

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

A. P. Phipkin

S. C. N. Medhurst

Political and charitable donations

During the year the company made no political donations. Donations to charity amounted to BRL nil.

Going concern

At the end of the year the Company had net current assets of BRL 389,754,128 (2017: BRL 347,362,750). 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.

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.

Approved by the Board on 4 July 2019 and signed on its behalf by:



A. P. Phipkin
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

Omnicom Finance Brazil Limited

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

The directors acknowledge their responsibilities for preparing 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; and
- 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 Omnicom Finance Brazil Limited

Opinion

We have audited the financial statements of Omnicom Finance Brazil Limited (the 'company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice; 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' Report

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

Our responsibility is to read 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 Directors' Report ;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Omnicom Finance Brazil Limited

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities in respect of the annual report and the financial statements [set out on page 2], 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 the directors 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

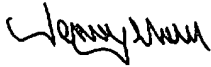
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

Independent Auditor's Report to the Members of Omnicom Finance Brazil Limited

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.



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

4 July 2019

Omnicom Finance Brazil Limited

Profit and Loss Account for the year ended 31 December 2018

	Note	2018 BRL	2017 BRL
Other interest receivable and similar income	3	<u>52,335,035</u>	<u>50,303,203</u>
Profit before taxation		52,335,035	50,303,203
Tax on profit	4	<u>(9,943,657)</u>	<u>(9,683,367)</u>
Profit after taxation		<u>42,391,378</u>	<u>40,619,836</u>

The results shown above are derived wholly from continuing operations.

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

The notes on pages 9 to 13 form an integral part of these financial statements.

Omnicom Finance Brazil Limited

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Balance Sheet as at 31 December 2018

	Note	2018 BRL	2017 BRL
Current assets			
Debtors	5	409,381,152	357,046,117
Creditors: Amounts falling due within one year	6	<u>(19,627,024)</u>	<u>(9,683,367)</u>
Net assets		<u>389,754,128</u>	<u>347,362,750</u>
Capital and reserves			
Called up share capital	7	3,310	3,310
Share premium account		330,779,891	330,779,891
Retained earnings		<u>58,970,927</u>	<u>16,579,549</u>
Total equity		<u>389,754,128</u>	<u>347,362,750</u>

Approved by the Board on 4 July 2019 and signed on its behalf by:



A. P. Phipkin

Director

The notes on pages 9 to 13 form an integral part of these financial statements.

Omnicom Finance Brazil Limited

Statement of Changes in Equity for the year ended 31 December 2018

	Share capital BRL	Share premium BRL	Retained earnings BRL	Total BRL
At 1 January 2018	3,310	330,779,891	16,579,549	347,362,750
Profit for the year	-	-	42,391,378	42,391,378
Total comprehensive income	-	-	42,391,378	42,391,378
At 31 December 2018	3,310	330,779,891	58,970,927	389,754,128

	Share capital BRL	Share premium BRL	Retained earnings BRL	Total BRL
At 1 January 2017	3,310	330,779,891	42,443,639	373,226,840
Profit for the year	-	-	40,619,836	40,619,836
Total comprehensive income	-	-	40,619,836	40,619,836
Dividends	-	-	(66,483,926)	(66,483,926)
At 31 December 2017	3,310	330,779,891	16,579,549	347,362,750

The notes on pages 9 to 13 form an integral part of these financial statements.

Omnicom Finance Brazil Limited

Notes to the Financial Statements for the year ended 31 December 2018

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 United Kingdom.

The financial statements are presented in Brazilian Real (BRL) the Company's functional currency.

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.

Omnicom Finance Brazil Limited

Notes to the Financial Statements for the year ended 31 December 2018

Going concern

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 has access to a multicurrency pool with its fellow subsidiary, Omnicom Finance Limited, formally Omnicom Finance plc, the groups treasury operation. The Company's access to borrowings under the pooling 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 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.

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.

Turnover

In the opinion of the Directors, revenue and particulars of revenue as required by Schedule 4, Paragraph 55 of the Companies Act 2006, are not meaningful measures of activity in view of the nature of the business.

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.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are easily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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.

Omnicom Finance Brazil Limited

Notes to the Financial Statements for the year ended 31 December 2018

2 Directors' remuneration

The Directors are not remunerated specifically for their services to the Company.

3 Other interest receivable and similar income

	2018 BRL	2017 BRL
Receivable from group undertakings	<u>52,335,035</u>	<u>50,303,203</u>

4 Taxation

Tax charged/(credited) in the profit and loss account

	2018 BRL	2017 BRL
Current tax on income for the period	<u>9,943,657</u>	<u>9,683,367</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 BRL	2017 BRL
Profit before tax	<u>52,335,035</u>	<u>50,303,203</u>
Corporation tax at standard rate	<u>9,943,657</u>	<u>9,683,367</u>
Total tax charge	<u>9,943,657</u>	<u>9,683,367</u>

Reductions in the UK corporation tax rate to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

Omnicom Finance Brazil Limited

Notes to the Financial Statements for the year ended 31 December 2018

5 Debtors

	2018 BRL	2017 BRL
Amounts owed by group undertakings - trading balances	<u>409,381,152</u>	<u>357,046,117</u>

6 Creditors

	2018 BRL	2017 BRL
Due within one year		
Taxation and social security	<u>19,627,024</u>	<u>9,683,367</u>

7 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	BRL	No.	BRL
Ordinary shares of BRL1 each	<u>3,310</u>	<u>3,310</u>	<u>3,310</u>	<u>3,310</u>

Omnicom Finance Brazil Limited

Notes to the Financial Statements for the year ended 31 December 2018

8 Related party transactions

Summary of transactions with subsidiaries

At 31 December 2018, 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.

9 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., 437 Madison Avenue, New York, NY10022, USA.

No other group accounts include the results of the Company.

10 Post balance sheet events

There were no material adjusting or non-adjusting events between the balance sheet date, and date of authorisation.