Registration number: 2709621

Cedar Communications Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2016

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Cedar Communications Limited

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Cedar Communications Limited

Strategic Report for the year ended 31 December 2016

The Directors present their strategic report for the year ended 31 December 2016.

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

Fair review of the business

The key indicators that we review focus on revenue, operating margin and administrative expenses

	2016			2015			2016 vs2015	
	Revenue £'000	% of Revenue	% of Admin expenses	Revenue £'000	% of Revenue	% of Admin expenses	£ Change	% Change
Revenue	14,021			14,279			(258)	(1.8%)
Admin expenses-Staff costs	7,129	50.84%	57.95%	7,054	49.40%	62.51%	75	1%
Admin expenses-Office and other	5,171	36.88%	42.04%	5,022	35.17%	37.48%	149	2.9%
Operating Expenses	12,300	87.72%	100%	12,076	84.57%	100%	224	1.85%
Operating Profit	1,720	12.26%		2,203	15.42%		(483)	(21.9%)

Because we are a service business, we monitor administrative costs on a percentage of revenue basis. 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 2016 staff costs increased by 1% to 50.84% of revenue from 49.40% of revenue in 2015. This was due to the statutory re-tender and successful renewal of a key client in 2016. Retention bonuses were paid to key personnel to ensure continuity of service.

We measure operating expenses in two distinct cost categories, staff costs and office and all other administrative expenses. Staff costs are primarily comprised of salaries, social security and employer pension contributions and office and general expenses are primarily comprised of rent and occupancy costs, technology related costs and depreciation. Operating costs increased to 87.72% of revenue in 2016 from 84.57% of revenue in 2015 due to investment in our digital offering and new business development.

Our operating margin for 2016 was 12.26% compared to 15.42% in 2015. We are hopeful that we be able to improve margins as a result of new business wins, the development of our digital offering, our continued new business initiatives associated with the positive long-term industry trends and our continuing focus on cost reduction.

Cedar Communications Limited

Strategic Report for the year ended 31 December 2016

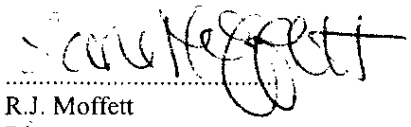
Principal risks and uncertainties

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 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 operational results and financial condition.

In addition, we may lose or fail to attract and retain key personnel. Our employees are our most important asset. 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 loss of clients, which could have a material adverse affect on our operational results and financial condition.

Our clients generally are able to reduce marketing spend 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 operational results and financial condition.

Approved by the Board on 30 March 2017 and signed on its behalf by:



R.J. Moffett
Director

Cedar Communications Limited

Directors' Report for the year ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity
The principal activity of the company is providing content marketing for clients and partners.

Dividends
On 28th November 2016, the directors paid an interim dividend in respect of the year ended 31 December 2016, totalling £6,000,000.The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2016 (2015: £nil).

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

C.E. Broadbent

J. Byrnes

R.J. Moffett

Political and charitable donations
During the year the Company made no political donations (2015: £nil). Donations to charity amounted to £3,415 (2015: £2,700).

Going concern
At the end of the year the Company had net current assets of £2,144,030 (2015 - £6,768,227). 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.

Approved by the Board on 30 March 2017 and signed on its behalf by:

R.J. Moffett
Director

85 Strand
5th Floor
London
WC2R 0DW

Cedar Communications Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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 has 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Cedar Communications Limited

Profit and Loss Account for the year ended 31 December 2016

	Note	2016 £	2015 £
Gross billings		27,897,974	28,584,862
Rebillable costs		(13,876,874)	(14,305,308)
Gross profit		14,021,100	14,279,554
Administrative expenses		(12,300,995)	(12,076,176)
Operating profit	2	1,720,105	2,203,378
Other interest receivable and similar income	5	29,968	30,626
Profit before tax on ordinary activities		1,750,073	2,234,004
Taxation	6	(374,270)	(479,422)
Profit for the financial year		1,375,803	1,754,582

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.

Cedar Communications Limited

Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016 £	2015 £
Profit for the year		1,375,803	1,754,582
Total comprehensive income for the year		1,375,803	1,754,582

The notes on pages 9 to 17 form an integral part of these financial statements.

Cedar Communications Limited

(Registration number: 2709621)
Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	7	61,526	68,114
Current assets			
Stocks	8	212,532	217,977
Debtors	9	12,016,768	14,953,592
Cash at bank and in hand		1,417	1,772
		12,230,717	15,173,341
Creditors: Amounts falling due within one year	10	(10,130,765)	(8,473,228)
Net current assets		2,099,952	6,700,113
Total assets less current liabilities		2,161,478	6,768,227
Creditors: Amounts falling due after more than one year	10	(17,448)	-
Net assets		2,144,030	6,768,227
Capital and reserves			
Called up share capital	11	25,000	25,000
Retained earnings		2,119,030	6,743,227
Total equity		2,144,030	6,768,227

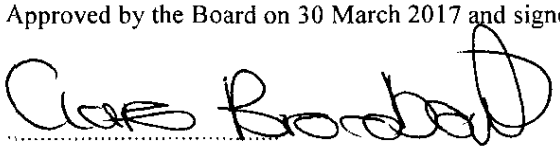
For the year ending 31 December 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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 30 March 2017 and signed on its behalf by:



C.E. Broadbent

Director

Cedar Communications Limited

Statement of Changes in Equity for the year ended 31 December 2016

	Share capital £	Retained earnings £	Total £
At 1 January 2016	25,000	6,743,227	6,768,227
Profit for the year	-	1,375,803	1,375,803
Total comprehensive income	-	1,375,803	1,375,803
Dividends	-	(6,000,000)	(6,000,000)
At 31 December 2016	25,000	2,119,030	2,144,030

	Share capital £	Retained earnings £	Total £
At 1 January 2015	25,000	4,988,645	5,013,645
Profit for the year	-	1,754,582	1,754,582
Total comprehensive income	-	1,754,582	1,754,582
At 31 December 2015	25,000	6,743,227	6,768,227

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 sterling the Company's functional currency.

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 a larger group headed by DAS UK 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.

The financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

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 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.

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..

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. On first time adoption of FRS 102 the Company has not retrospectively changed its accounting under old UK GAAP.

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
Consequently, turnover comprises fees, and commissions earned in respect of gross billings and direct costs, which meet the Companies Act definition of turnover. Turnover is recognised when services are performed, in accordance with the terms of arrangements reached with each client. Gross billings and turnover are stated exclusive of VAT, sales taxes and trade discounts. Substantially all income occurs in the UK.

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.

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.

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/deemed 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	over period of lease
Furniture, fittings, tools and equipment	over 10 years
Office Equipment	over 5 years
Computer Equipment	over 4 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 readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors
Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade 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.

Stocks
Work in progress is stated at the lower of cost and net realisable value. Cost consists of direct expenses incurred on unbilled work. Net realisable value is based on estimated sales value less further costs to completion. Work in progress consists of amounts spent by the Company and its subsidiaries on behalf of its clients which have not been recharged to clients by the end of the year.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the 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.

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

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.

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.

2 Operating profit

Arrived at after charging/(crediting)

	2016	2015
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	29,481	29,001
Foreign exchange (gains) / losses	(3,947)	(5,373)
Hire of plant and machinery - rentals payable under operating leases	126,536	132,634
Hire of other assets - rentals payable under operating leases	1,315,168	1,183,747

3 Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	439,321	553,470
Company contributions to money purchase pension schemes	34,100	33,190
	473,421	586,660

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

	2016	2015
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	1	1
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid director :

	2016 £	2015 £
Remuneration	301,352	392,376
Company contributions to money purchase pension schemes	23,100	23,100

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

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 1 director (2015: 1)

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, the director ceases employment prior to the end of the period of restriction.

4 Staff costs

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

	2016 £	2015 £
Wages and salaries	6,084,855	6,062,999
Share related awards	30,324	30,324
Social security costs	690,398	664,274
Pension and other post-employment benefit costs	292,027	275,112
Severance/loss of office	30,903	21,499
	7,128,507	7,054,208

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

	2016 No.	2015 No.
Production	84	84
Administration and support	27	28
Sales	18	18
	129	130

5 Other interest receivable and similar income

	2016 £	2015 £
Receivable from group undertakings	29,968	30,626

6 Taxation

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

	2016 £	2015 £
Current taxation		
Current tax on income for the period	370,777	476,006
Adjustments in respect of previous periods	5,436	3,961
	376,213	479,967
Deferred taxation		
Origination and reversal of timing differences	(1,943)	(545)
Tax expense in the profit and loss account	374,270	479,422

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	1,750,073	2,234,004
Corporation tax at standard rate	350,015	452,386
Effect of expense not deductible in determining taxable profit (tax loss)	15,044	17,511
UK deferred tax expense (credit) relating to changes in tax rates or laws	(1,943)	(545)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	5,436	3,961
Tax increase (decrease) from other short-term timing differences	297	1,726
Tax increase (decrease) from effect of exercise of employee share options	5,421	4,383
Total tax charge	374,270	479,422

A reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 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. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

Deferred tax

Deferred tax assets and liabilities

2016	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	12,205
Other timing differences	13,920
	26,125

2015	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	13,600
Other timing differences	10,582
	24,182

7 Tangible fixed assets

	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation				
At 1 January 2016	435,861	202,451	79,073	717,385
Additions	-	-	22,893	22,893
At 31 December 2016	435,861	202,451	101,966	740,278
Depreciation				
At 1 January 2016	435,861	157,494	55,916	649,271
Charge for the year	-	5,491	23,990	29,481
At 31 December 2016	435,861	162,985	79,906	678,752
Carrying amount				
At 31 December 2016	-	39,466	22,060	61,526
At 31 December 2015	-	44,957	23,157	68,114

8 Stocks

	2016 £	2015 £
Stock	45,846	84,205
Work in progress	166,686	133,772
	212,532	217,977

9 Debtors

	Note	2016 £	2015 £
Trade debtors		7,721,495	5,885,914
Amounts owed by group undertakings - trading balances		-	286,464
Amounts owed by group undertakings - loans and advances		3,853,756	8,192,323
Other debtors		46,643	49,222
Deferred tax assets	6	26,125	24,182
Prepayments and accrued income		368,749	515,487
		12,016,768	14,953,592

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 £3,853,756 (2015: £8,192,323) representing cash deposited by the Company under these arrangements.

10 Creditors

	Note	2016 £	2015 £
Due within one year			
Obligations under finance lease and hire purchase contracts		4,062	-
Trade creditors		3,633,846	3,072,138
Amounts owed to group undertakings - trading balances		235,751	320,470
Amounts owed to group undertakings - loans and advances		78,713	-
Taxation and social security		766,927	923,997
Accruals and deferred income		5,411,466	4,156,623
		10,130,765	8,473,228
Due after one year			
Obligations under finance lease and hire purchase contracts		17,448	-

11 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	25,000	25,000	25,000	25,000

12 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 £292,027 (2015 - £275,112).

13 Commitments

Non-cancellable operating lease rentals are payable as follows:

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

The total of future minimum lease payments is as follows:

	2016	2015
	£	£
Not later than one year	23,182	1,264,877
Later than one year and not later than five years	116,064	93,344
	139,246	1,358,221

14 Parent and ultimate parent undertaking

The ultimate parent is Omnicom Group Inc., incorporated in the United States of America.

These Financial Statements are available upon request from Omnicom Group Inc., 437 Madison Avenue, New York, NY10022, USA.

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