Adelphi Communications Limited

Directors' report and financial statements

Registered number 02761321

31 December 2012

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities
Adelphi Communications Limited is a full service medical education company providing communications solutions to international pharmaceutical clients We define and execute communications strategies for clients, adding insight to their marketing and medical objectives and exploiting synergies with other Adelphi Group companies The company's strategies include opinion leader development, publications planning and disease and product based medical education Adelphi Communications Limited is also playing an increasing role in the effective communication of health economic and patient reported outcomes as part of these strategies Our objective is to become the most important agency for our clients, delivering large programmes of work over the course of several years

Business review
Adelphi Communications Limited comprises business development and commercial teams supported by a large specialist scientific editorial group Our core activity is the development of scientific and medical content for medical professionals and client teams Content is delivered through scientific publications, in medical journals (publication planning), a wide variety of medical meetings and independent materials in print, slide presentations and interactive media The company currently works with international pharmaceutical companies

Our key financial performance indicators are gross profit and operating profit In the year ended 31 December 2012 the company has reported an increase in gross profit to £4,572,239 from £3,809,808 in the prior year The directors feel that this is in line with current market conditions and the fact that the company has continued to invest both in product development and the strengthening of its sales and marketing capabilities The company remains committed to developing business both in the US and European markets The company reported an operating profit of £603,797, an increase from £549,319 in the previous year

Dividends
The directors have not proposed a final dividend in respect of the current financial year (2011 £nil)

On 1 March 2013 the directors paid an interim dividend of £950,000 This is not included in creditors as it was not approved before the year end

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

D G Harrison

J Hayes

L T Morgan

Political and charitable contributions
The Company made no political or charitable contributions during the year (2011 £nil)

Directors' report

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are individually unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information

Auditor
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board

D G Harrison
Director

239 Old Marylebone Road
London
NW1 5QT
16 May 2013

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable laws and regulations

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

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

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

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

KPMG Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Adelphi Communications Limited

We have audited the financial statements of Adelphi Communications Limited for the year ended 31 December 2012 set out on pages 6 to 15 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 auditors' 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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities in respect of the Directors' report and the financial statements (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and to express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

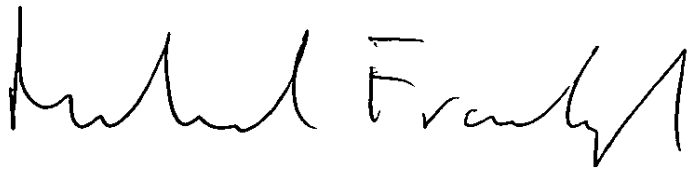
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Adelphi Communications Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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



Michael Frankish (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
St James Square
Manchester
M2 6DS

Date 22 May 2013

Profit and loss account

for the year ended 31 December 2012

	Note	2012 £	2011 £
Gross billings		5,983,107	4,874,006
Rebillable costs		(1,224,864)	(640,612)
Revenue		4,758,243	4,233,394
Direct costs		(186,004)	(423,586)
Gross profit		4,572,239	3,809,808
Administrative expenses		(3,968,442)	(3,260,489)
Operating profit		603,797	549,319
Other interest receivable and similar income	5	2,108	2,502
Interest payable and similar charges	6	(22,850)	(39,210)
Profit on ordinary activities before taxation	2	583,055	512,611
Tax on profit or loss on ordinary activities	7	(143,997)	(131,445)
Profit for the financial year	12	439,058	381,166

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

Balance sheet

as at 31 December 2012

	Note	2012 £	2011 £
Current assets			
Stocks	8	253,805	578,532
Debtors	9	2,265,520	2,217,917
		2,519,325	2,796,449
Creditors Amounts falling due within one year	10	(1,530,172)	(2,246,354)
Net assets		989,153	550,095
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	989,151	550,093
Equity shareholders' funds		989,153	550,095

These financial statements were approved by the board of directors on 16 May 2013 and were signed on its behalf by

D G Harrison
Director

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2012

	2012 £	2011 £
Profit attributable to the members of the company	439,058	381,166
Retained profit	439,058	381,166
Shareholders' funds at 1 January	550,095	168,929
Shareholders' funds at 31 December	989,153	550,095

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

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

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

The 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

As the Company is a wholly owned subsidiary of Omnicom Group Inc , the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Omnicom Group Inc , within which this Company is included, can be obtained from the address given in note 15

Notes

(continued)

Foreign currencies

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

Post-retirement benefits

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

Work in progress

Work in progress is 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

Taxation

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

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

Dividends on shares presented within shareholders' funds

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

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

Notes

(continued)

Revenue

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

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated

after charging

	2012 £	2011 £
Exchange losses	1,652	-

after crediting

Exchange gains	-	(77,091)

Auditor remuneration

	2012 £	2011 £
Audit of these financial statements	17,933	13,078

The audit fee for the Company was £17,933 (2011 £14,199) which has been borne by Adelphi Group Ltd No other fees were paid to the auditor (2011 £nil)

Notes
(continued)

3 Remuneration of directors

The directors are not remunerated specifically for their services to Adelphi Communications Limited

4 Staff numbers and costs

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

	Number of employees	
	2012	**2011**
Sales and production	54	45

The aggregate payroll costs of these persons were as follows

	2012	**2011**
	£	**£**
Wages and salaries	2,303,249	2,018,385
Social security costs	212,259	189,669
Other pension costs	137,550	130,581
	2,653,058	2,338,635

5 Other interest receivable and similar income

	2012	**2011**
	£	**£**
Receivable from group undertakings	2,108	2,502

6 Interest payable and similar charges

	2012	**2011**
	£	**£**
Payable to group undertakings	22,850	39,210

Notes
(continued)

7 Taxation

Analysis of charge in period

	2012 £	2011 £
UK corporation tax		
Current tax on income for the period	142,970	136,059
Adjustments in respect of prior periods	1,027	(4,614)
Tax on profit on ordinary activities	143,997	131,445

Factors affecting current tax charge for the year

The current tax charge for the period is higher than (2011 lower than) the standard rate of corporation tax in the UK of 24 5% (2011 26 5%)

The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	583,055	512,611
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	142,848	135,842
Expenses not deductible for tax purposes	122	217
Adjustment for prior periods	1,027	(4,614)
Total current tax charge (see above)	143,997	131,445

Accounting periods ending after the substantive enactment of the reduction to 24% and 23%

On 21 March 2012 the Chancellor revised the previously announced reduction in the main rate of UK corporation tax to 24 per cent with effect from 1 April 2012 and a further reduction to 23 per cent with effect from 1 April 2013 These changes became substantively enacted on 26 March 2012 and 3 July 2012 respectively

The Chancellor proposed a further change to reduce the main rate of corporation tax to 21 per cent with effect from 1 April 2014, but this change has not yet been substantively enacted and therefore is not included in the figures above

Notes
(continued)

8 Stock

	2012 £	2011 £
Long term contracts - work in progress	253,805	578,532

9 Debtors

	2012 £	2011 £
Trade debtors	1,021,672	1,044,466
Amounts owed by group undertakings - trading balances	35,183	1,056,133
Amounts owed by group undertakings - loans and advances	1,198,439	97,250
Taxation and social security	-	14,163
Other debtors	10,226	5,905
	2,265,520	2,217,917

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 £1,198,439 (2011 £97,250) representing cash deposited by the Company under these arrangements

10 Creditors: Amounts falling due within one year

	2012 £	2011 £
Payments received on account	292,052	249,756
Trade creditors	23,805	56,296
Amounts owed to group undertakings - trading balances	374,338	344,402
Amounts owed to group undertakings - loans and advances	743,372	1,425,410
Taxation and social security	47,160	17,668
Accruals and deferred income	49,445	152,822
	1,530,172	2,246,354

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 to group undertakings is £743,372 (2011 £1,425,410) representing amounts borrowed by the Company under these arrangements

Notes
(continued)

11 Called up share capital

					2012	2011
					£	£
Allotted, called up and fully paid						
Equity	2	Ordinary shares of	£ 1	each	2	2

12 Reserves

	Profit and loss account £	Total £
At 1 January 2012	550,093	550,093
Profit for the year	439,058	439,058
At 31 December 2012	989,151	989,151

13 Pension schemes

The Company operates a defined contribution pension scheme The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £137,550 (2011 £130,581)

14 Related party disclosures

	2012 Value of purchases £	2012 Due to at year end £	2011 Value of purchases £	2011 Due to at year end £
The Cinnamon Agency Ltd	93,880	15,625	91,161	-

15 Ultimate parent company

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

The largest group in which the results of the company are consolidated is that headed by Omnicom Group Inc The consolidated accounts of this company are available to the public and may be obtained from Omnicom Group Inc, 437 Madison Avenue, New York, NY10022, USA No other group accounts include the results of the company