

Registration number: 01975338

Adelphi Group Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2018



Adelphi Group Limited

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Adelphi Group Limited

Strategic Report for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

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 Company results are the combination of the results of the holding company plus the results of Adelphi Real World. The Company currently works with international pharmaceutical companies, providing a full range of lifecycle solution services.

Adelphi Real World develops, markets and sells Disease Specific Programmes, consultancy and bespoke research through primary and secondary data collection. The Company's solutions enable customers to have a better understanding and enhanced expertise which are critical in ever more challenging therapeutic areas. Holistic benchmarks of diseases are a pre-requisite to define and assess independently, the real dynamics of the disease as well as opportunities and the impact of medico-marketing strategies. Unmet therapeutic needs can be defined and monitored through the evaluation of clinical practice, doctor evaluations and perceptions, patient motivation, level of knowledge and satisfaction. Market recognition, brand performance and potential, rely on precise measureable and disease specific indicators. The Disease Specific Programmes constitute a 'Gold Standard' reference in the industry in challenging therapeutic areas such as CNS, pain, inflammatory, cardiovascular, respiratory and metabolic diseases.

The Company continues to invest in both product development and in the strengthening of its sales and marketing capabilities. The Company expects to continue to report operating profits whilst it continues to invest in Disease Specific Programmes and the sales and marketing of its subsidiary companies.

Our key financial performance indicators are gross profit and operating profit.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Gross Profit	£	12,576,476	10,885,574
Operating Profit	£	1,884,469	1,781,062

Adelphi Group Limited

Strategic Report for the year ended 31 December 2018

Principal risks and uncertainties

The Company operates in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that are out of our control and difficult to predict. The key risks facing the business are:

- foreign currency gains and losses for the proportion of our business that is conducted in currencies other than sterling.
- the mergers and takeovers of the pharmaceutical companies that can reduce the number of potential clients.
- each new launch of a Disease Specific Programmes requires large initial investment in order to cover external and internal costs. The upfront investment risk is also linked to the normal selling risks in any competitive business to business market.

The pharmaceutical industry is dependent on the introduction of new drugs and treatments and the ability of the purchasers of new and existing treatments to afford them.

Hence the major factors are ;

- the pipeline within the pharmaceutical industry for new drugs and treatments.
- global regulatory and budgetary environment as they relate to the access to new therapies.
- individual country and regional economic growth

Approved by the Board on 3 May 2019 and signed on its behalf by:



D.G. Harrison
Director

Adelphi Group 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 holding company of a group whose activities include medical communications, outcomes, marketing research, business intelligence and medico-marketing consultancy.

Adelphi Real World, a division of Adelphi Group Limited, provides multi-sponsored Disease Specific Programmes which provide global in-depth understanding of the dynamics in distinct disease areas to address customised strategic marketing, business intelligence, health outcomes, and value and communications issues across the brand lifecycle.

Dividends

On 20 February 2018 the directors paid an interim dividend in respect of the year ended 31 December 2018 £4,406,000 and on the 6 September 2018 the directors paid an interim dividend in respect of the year ended 31 December 2018 of £2,483,000 making a total interim dividend in respect of the year ended 31 December 2018 of £6,889,000 (2017 : £5,956,000).

Directors of the company

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

E.S. Cooper

D.G. Harrison

L.T. Morgan

M. Karavali

D.A. Adams

Political and charitable donations

During the year the company made no charitable or political donations (2017: £nil).

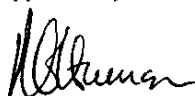
Adelphi Group Limited

Directors' Report for the year ended 31 December 2018

Going concern

At the end of the year the Company had net current assets of £10,778 (2017 - £1,270,700). 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 3 May 2019 and signed on its behalf by:



.....
D.G. Harrison
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

Adelphi Group 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.

Adelphi Group Limited

Profit and Loss Account for the year ended 31 December 2018

	Note	2018 £	2017 £
Gross billings	2	23,377,116	18,850,336
Direct costs		<u>(10,800,640)</u>	<u>(7,964,762)</u>
Gross profit		12,576,476	10,885,574
Administrative expenses		<u>(10,692,007)</u>	<u>(9,104,512)</u>
Operating profit	3	1,884,469	1,781,062
Income from shares in group undertakings		4,552,006	4,875,543
Other interest receivable and similar income	6	3,426	34,413
Gain/(loss) on disposal of fixed asset investments		(90,885)	(47,177)
Interest payable and similar expenses	7	<u>(11,576)</u>	<u>(4,547)</u>
Profit before taxation		6,337,440	6,639,294
Tax on profit	8	<u>(457,368)</u>	<u>(448,455)</u>
Profit for the financial year		<u><u>5,880,072</u></u>	<u><u>6,190,839</u></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.

Adelphi Group Limited

(Registration number: 01975338)
Balance Sheet as at 31 December 2018

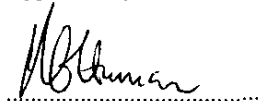
	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	1,031,341	679,681
Investments	11	<u>1,120,359</u>	<u>1,120,359</u>
		<u>2,151,700</u>	<u>1,800,040</u>
Current assets			
Stocks	12	2,303,832	1,135,812
Debtors (including £59,724 (2017 : £19,618) due after more than one year)	13	<u>14,218,551</u>	<u>13,389,165</u>
		16,522,383	14,524,977
Creditors: Amounts falling due within one year	14	<u>(16,511,605)</u>	<u>(13,254,277)</u>
Net current assets		<u>10,778</u>	<u>1,270,700</u>
Total assets less current liabilities		2,162,478	3,070,740
Creditors: Amounts falling due after more than one year	14	<u>(232,119)</u>	<u>(197,171)</u>
Net assets		<u>1,930,359</u>	<u>2,873,569</u>
Capital and reserves			
Called up share capital	15	276,998	276,998
Share premium account		378,176	378,176
Retained earnings		<u>1,275,185</u>	<u>2,218,395</u>
Total equity		<u>1,930,359</u>	<u>2,873,569</u>

For the year ending 31 December 2018 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 3 May 2019 and signed on its behalf by:



D.G. Harrison
Director

The notes on pages 9 to 25 form an integral part of these financial statements.

Adelphi Group Limited

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

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2018	276,998	378,176	2,218,395	2,873,569
Profit for the year	-	-	5,880,072	5,880,072
Total comprehensive income	-	-	5,880,072	5,880,072
Dividends	-	-	(6,889,000)	(6,889,000)
Recharge from Omnicom Group Inc in respect of share based payments	-	-	65,718	65,718
At 31 December 2018	276,998	378,176	1,275,185	1,930,359
	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2017	276,998	378,176	1,922,926	2,578,100
Profit for the year	-	-	6,190,839	6,190,839
Total comprehensive income	-	-	6,190,839	6,190,839
Dividends	-	-	(5,956,000)	(5,956,000)
Recharge from Omnicom Group Inc in respect of share based payments	-	-	60,630	60,630
At 31 December 2017	276,998	378,176	2,218,395	2,873,569

The notes on pages 9 to 25 form an integral part of these financial statements.

Adelphi Group 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 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, 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 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.

Adelphi Group Limited

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

Going concern

The Company has net current assets of £10,778 at 31 December 2018 (2017: £1,270,700). 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/or Omnicom Financial Services Limited or by Omnicom Finance Limited and/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 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.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying values of assets and liabilities within the financial year.

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.

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 billable costs.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

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.

Adelphi Group Limited

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

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/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	life of lease
Office equipment	3 - 5 Years

Fixed asset investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest in associated undertakings

Associated undertakings are entities in which the Company has a participating interest and over whose operating and financial policy the Company exercises a significant influence.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand that is readily convertible to a known amount of cash and is subject to an insignificant risk of change in value.

Trade and other debtors

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

Trade and other 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 and other 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

Long term contracts are stated at the lower of cost and estimated selling price less costs to complete and sell.

Trade and other creditors

Trade and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Adelphi Group Limited

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

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.

Assets held under finance leases, which are leases where substantially all of the risk and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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.

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 accounts represents the contributions payable to the scheme in respect of the accounting period.

Share based payments

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Amounts reimbursed by the Company to Omnicom Group Inc. in respect of these options are recognised as a distribution directly to equity.

Adelphi Group Limited

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

2 Turnover

The whole of the Company's gross billings, turnover and operating profit for the year related to its principal activities, which was that of a holding company and trading as Adelphi Real World, and which was carried out in the United Kingdom.

The analysis of the company's turnover for the year from continuing operations for rendering of services is as follows:

	2018	2017
	£	£
UK	5,210,746	2,247,757
Europe	4,579,463	6,013,953
Americas	13,372,924	10,568,222
Rest of world	213,983	20,404
	<u>23,377,116</u>	<u>18,850,336</u>

3 Operating profit

Arrived at after charging/(crediting)

	2018	2017
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	212,072	129,938
Foreign exchange (gains) / losses	(974,222)	(335,106)
Hire of plant and machinery - rentals payable	269,234	273,506
Hire of other assets - rentals payable	404,387	204,208
Operating lease expense - property	442,422	442,422
Rental income	<u>(784,606)</u>	<u>(574,005)</u>

4 Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	2,463,951	2,292,989
Amounts receivable under long term incentive schemes	149,580	692,253
Company contributions to money purchase pension schemes	-	11,710
	<u>2,613,531</u>	<u>2,985,242</u>

Adelphi Group Limited

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

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

	2018	2017
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	4	4
Accruing benefits under money purchase pension scheme	-	2

In respect of the highest paid director:

	2018	2017
	£	£
Remuneration	961,707	928,340
Benefits under long-term incentive schemes (excluding shares)	-	211,320

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 4 directors (2017: 4)

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

5 Staff costs

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

	2018	2017
	£	£
Wages and salaries	9,310,557	7,165,752
Share related awards	29,304	25,660
Social security costs	765,318	879,627
Pension and other post-employment benefit costs	382,575	334,955
	<u>10,487,754</u>	<u>8,405,994</u>

Adelphi Group Limited

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

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

	2018 No.	2017 No.
Production	104	84
Administration and support	34	32
	<u>138</u>	<u>116</u>

6 Other interest receivable and similar income

	2018 £	2017 £
Receivable from group undertakings	3,426	34,413
	<u>3,426</u>	<u>34,413</u>

7 Interest payable and similar expenses

	2018 £	2017 £
Other interest payable	-	219
Finance charges payable in respect of finance leases and hire purchase contracts	11,576	4,328
	<u>11,576</u>	<u>4,547</u>

Adelphi Group Limited

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

8 Taxation

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

	2018 £	2017 £
Current taxation		
Current tax on income for the period	390,848	294,990
Adjustments in respect of previous periods	106,626	104,873
	<u>497,474</u>	<u>399,863</u>
Deferred taxation		
Origination and reversal of timing differences	(44,824)	48,592
Effect of increased/decreased tax rate on opening liability	4,718	-
Total deferred taxation	<u>(40,106)</u>	<u>48,592</u>
Tax expense in the profit and loss account	<u>457,368</u>	<u>448,455</u>

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

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>6,337,440</u>	<u>6,639,294</u>
Corporation tax at standard rate	1,204,114	1,278,064
Effect of expense not deductible in determining taxable profit (tax loss)	6,791	-
Deferred tax expense (credit) relating to changes in tax rates or laws	4,718	-
Increase (decrease) in UK deferred tax from prior periods	-	1,972
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	106,626	104,873
Tax increase (decrease) from effect of dividends from UK companies	(864,881)	(930,284)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>(6,170)</u>
Total tax charge	<u>457,368</u>	<u>448,455</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. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

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

Deferred tax

Deferred tax assets and liabilities

2018	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	<u>59,724</u>
	Asset £
2017	
Difference between accumulated depreciation and amortisation and capital allowances	<u>19,618</u>

9 Dividends

	2018 £	2017 £
Interim dividend of £6.46 (2017 - £5.59) per ordinary share	<u>6,889,000</u>	<u>5,956,000</u>

Adelphi Group Limited

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

10 Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
Cost or valuation			
At 1 January 2018	1,913,996	307,096	2,221,092
Additions	<u>340,444</u>	<u>223,288</u>	<u>563,732</u>
At 31 December 2018	<u>2,254,440</u>	<u>530,384</u>	<u>2,784,824</u>
Depreciation			
At 1 January 2018	1,499,719	41,692	1,541,411
Charge for the year	<u>111,902</u>	<u>100,170</u>	<u>212,072</u>
At 31 December 2018	<u>1,611,621</u>	<u>141,862</u>	<u>1,753,483</u>
Carrying amount			
At 31 December 2018	<u>642,819</u>	<u>388,522</u>	<u>1,031,341</u>
At 31 December 2017	<u>414,277</u>	<u>265,404</u>	<u>679,681</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:

	2018 £	2017 £
Office equipment	<u>320,181</u>	<u>260,687</u>

Adelphi Group Limited

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

11 Fixed Asset Investments

	Shares in group undertakings £	Total £
Cost		
At 1 January 2018	<u>1,185,359</u>	<u>1,185,359</u>
At 31 December 2018	<u>1,185,359</u>	<u>1,185,359</u>
Provision		
At 1 January 2018	<u>65,000</u>	<u>65,000</u>
At 31 December 2018	<u>65,000</u>	<u>65,000</u>
Carrying amount		
At 31 December 2018	<u>1,120,359</u>	<u>1,120,359</u>
At 31 December 2017	<u>1,120,359</u>	<u>1,120,359</u>

During the year management performed an impairment test. This demonstrated that no additional impairment provision was required in respect of fixed assets investments.

For the details of undertakings please see the note at the end of these financial statements.

12 Stocks

	2018 £	2017 £
Long term contracts	<u>2,303,832</u>	<u>1,135,812</u>

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

13 Debtors

	Note	2018 £	2017 £
Trade and other debtors		10,683,173	8,620,829
Amounts owed by group undertakings - trading balances		1,410,639	1,655,762
Amounts owed by group undertakings - loans and advances		1,000,141	2,722,588
Deferred tax assets	8	59,724	19,618
Prepayments and accrued income		<u>1,064,874</u>	<u>370,368</u>
		<u>14,218,551</u>	<u>13,389,165</u>

The Company participates in a cash concentration arrangement with its fellow subsidiaries. Omnicom Finance Limited and Omnicom Financial Services Limited, the Omnicom Europe Limited 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/or Omnicom Financial Services Limited or by Omnicom Finance Limited and/or Omnicom Financial Services Limited depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is £1,000,141 (2017: £2,722,588) representing cash deposited by the Company under these arrangements.

14 Creditors

	Note	2018 £	2017 £
Due within one year			
Obligations under finance lease and hire purchase contracts		106,031	68,624
Payments received on account		3,644,274	3,585,007
Trade and other creditors		142,364	498,602
Amounts owed to group undertakings - trading balances		33,116	14,184
Amounts owed to group undertakings - loans and advances		650,152	573,017
Taxation and social security		1,492,648	1,359,414
Accruals and deferred income		<u>10,443,020</u>	<u>7,155,429</u>
		<u>16,511,605</u>	<u>13,254,277</u>
Due after one year			
Obligations under finance lease and hire purchase contracts		<u>232,119</u>	<u>197,171</u>

The Company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited and Omnicom Financial Services Limited, the Omnicom Europe Limited 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/or Omnicom Financial Services Limited or by Omnicom Finance Limited and/or Omnicom Financial Services Limited depositing cash with the Company. Included in Amounts owed to group undertakings - loans and advances is £650,152 (2017: £573,017) representing cash advanced to the Company under these arrangements.

Adelphi Group Limited

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

15 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary A Shares of £1 each	21,177	21,177	21,177	21,177
Ordinary B shares of £1 each	217,155	217,155	217,155	217,155
Ordinary B1 shares of £0.01 each	796,600	7,966.00	796,600	7,966.00
Ordinary C shares of £1 each	30,700	30,700	30,700	30,700
	<u>1,065,632</u>	<u>276,998</u>	<u>1,065,632</u>	<u>276,998</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 £382,575 (2017 - £334,955).

Adelphi Group Limited

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

17 Share-based payments

Omnicom Group Inc (the ultimate parent of the Company) runs a share ownership programme that allows group employees to acquire shares in Omnicom Group Inc. Options were awarded in March 2009. It is anticipated that the full vesting period for options will be three years. The option grants become exercisable 30% on each of the first two anniversary dates of the grant date with the final 40% becoming exercisable three years from the grant date.

The fair value of services received in return for shares and share options granted to employees, is measured by reference to the fair value of shares and share options granted. As permitted by FRS 102 Section 26, the Company has applied the requirements of this standard to all share based payment awards granted after 7 November 2002. The estimate of the fair value of the services received is measured based on the Black-Scholes formula.

During the year ended 31 December 2018, the Company recognised an expense of £nil (2017: £nil) in respect of outstanding share awards.

There were no new share options awarded during the year.

The options outstanding at the year-end have an exercised price of \$23.40 and a weighted average contractual life of 10 years.

	2009
Fair value at measurement date \$	3.51
Weighted average share price \$	23.40
Exercise price \$	23.40
Expected volatility (expressed as 5 year historical monthly used in the modelling under Black Scholes model)	19.61%
Option life in years	5
Expected dividends	2.458%
Risk-free interest rate (based on national government bonds)	1.67%

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under a service condition and a non-market performance condition. Such conditions are not taken into account in the grant date fair value measurement of the services received.

Adelphi Group Limited

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

The number and weighted average exercise prices of share options in Omnicom Group Inc. held by Adelphi Group Limited company employees are as follows :

	2018	2018	2017	2017
	Weighted average exercise price \$	Number of options	Weighted average exercise price \$	Number of options
At beginning of year	23.40	4,000	23.40	4,000
Granted	-	-	-	-
Exercised	23.40	(4,000)	0	-
Lapsed	-	-	-	-
Forfeited	-	-	-	-
Outstanding options at end of the year	<u>0</u>	<u>-</u>	<u>23.40</u>	<u>4,000</u>
Exercisable at end of the year	<u>0</u>	<u>-</u>	<u>23.40</u>	<u>4,000</u>

The asset arising in relation to the linked recharge from Omnicom Group Inc in relation to these share options for the year was £65,718 (2017: liability £60,630).

The weighted average share price at the date of exercise of share options exercised during the year was \$75.93 (2017: \$nil).

18 Commitments

Non-cancellable operating lease rentals are payable as follows:

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	784,535	697,736
Later than one year and not later than five years	2,020,032	360,274
Later than five years	<u>2,038,909</u>	<u>12,745</u>
	<u>4,843,476</u>	<u>1,070,755</u>

Adelphi Group Limited

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

19 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.

Summary of transactions with associates

Expenditure with and payables to related parties

2018

Rendering of services

Associates

£

2,189

2017

Rendering of services

Associates

£

11,652

20 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.

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

Adelphi Group Limited

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

21 Post balance sheet events

On 22 February 2019 the directors paid an interim dividend of £4,529,000. This is not included in the financial statements as it was not approved before the year end.

22 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						
Adelphi Communications Limited	2761321	England	Ordinary	100.00	Medical Education	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
Adelphi International Research Limited	2419446	England	Ordinary	100.00	Research	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
Adelphi Targis S.L.	B62628813	Spain	Ordinary	43.20	Healthcare Research	183, Aragon, 7th Floor, Barcelona, 08011, Spain
Adelphi Values Limited	2761308	England	Ordinary	100.00	Health Economics	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England
The Cinnamon Agency Limited	5556304	England	Ordinary	50.00	Events & Sponsoring	Bankside 3, 90 - 100 Southwark Street, London, SE1 0SW, England