

Registration number: 02761308

# Adelphi Values Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2018



## **Adelphi Values Limited**

### **Contents**

Strategic Report	1
Directors' Report	2
Statement of Directors' Responsibilities in respect of the annual report and the financial statements	3
Profit and Loss Account	4
Balance Sheet	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 to 15

## **Adelphi Values 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**

Adelphi Values Provide Expertise in Value Evidence Outcomes and Patient-Centered Outcomes. They provide evidence to define, demonstrate and communicate value to inform healthcare decisions and optimise market access success. They are leaders in qualitative and quantitative research techniques to support market access strategies. In the year ended 31 December 2018, the Company has reported an increase in gross profit from £8,638,111 to £10,167,602. The Directors believe there has been good progress made in the development of the sales pipeline and consolidation of the Company's position with both existing and new clients. It is also the opinion of the Directors that the marketing opportunities for the Company's services continue to grow and mature. The Company has continued to invest in both product development and in the strengthening of its sales and marketing capabilities.

With the continued investment in sales, marketing and in research and development, the Company posted an operating profit for the year ended 31 December 2018 of £3,702,052 compared to £2,969,364 for the previous year. At the end of the year the Company had net assets of £1,506,803 (2017: £1,621,663) The Directors consider that the Company has access to sufficient funding to meet its needs 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.

#### **Principal risks and uncertainties**

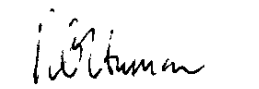
The Company operates in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that cannot be controlled or predicted. The key risks and uncertainties facing the business are:

- Foreign currency gains and losses for the proportion of our business which is conducted in currencies other than sterling
- Mergers and takeovers of pharmaceutical companies that are continually reducing the number of potential clients.

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 pharmaceuticals 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 Values 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 international development of Patient-Reported Outcomes (PRO's), Health Technology Assessment (HTA) and Value Demonstration, offering strategic solutions across all phases of a product's lifecycle.

#### **Dividends**

On 20 February 2018 the directors paid an interim dividend in respect of the year ended 31 December 2018 of £1,500,000. On 6 September 2018 the directors paid a further interim dividend in respect of the year ended 31 December 2018 of £1,626,000 making a total interim dividend in respect of the year ended 31 December 2018 of £3,126,000 (2017 : £2,800,000).

#### **Directors of the company**

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

E.S. Cooper

L.T. Morgan

D.G. Harrison

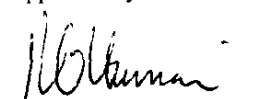
#### **Political and charitable donations**

During the year the Company made no political or charitable contributions (2017: £nil).

#### **Going concern**

At the end of the year the Company had net current assets of £1,506,803 (2017 - £1,621,663). 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 Values 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 Values Limited

### Profit and Loss Account for the year ended 31 December 2018

	Note	2018 £	2017 £
Gross billings	2	11,903,792	10,247,206
Rebillable costs		<u>(833,371)</u>	<u>(1,138,864)</u>
Turnover		11,070,421	9,108,342
Direct costs		<u>(902,819)</u>	<u>(470,231)</u>
Gross profit		10,167,602	8,638,111
Administrative expenses		<u>(6,465,550)</u>	<u>(5,668,747)</u>
Operating profit	3	3,702,052	2,969,364
Other interest receivable and similar income	6	<u>15,518</u>	<u>10,154</u>
Profit before taxation		3,717,570	2,979,518
Tax on profit	7	<u>(706,430)</u>	<u>(573,585)</u>
Profit for the financial year		<u><u>3,011,140</u></u>	<u><u>2,405,933</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.

The notes on pages 7 to 15 form an integral part of these financial statements.

## Adelphi Values Limited

### (Registration number: 02761308) Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
<b>Current assets</b>			
Stocks	9	579,015	1,266,773
Debtors	10	<u>6,014,970</u>	<u>6,989,792</u>
		6,593,985	8,256,565
Creditors: Amounts falling due within one year	11	<u>(5,087,182)</u>	<u>(6,634,902)</u>
Net assets		<u>1,506,803</u>	<u>1,621,663</u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Retained earnings		<u>1,506,703</u>	<u>1,621,563</u>
Total equity		<u>1,506,803</u>	<u>1,621,663</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

## Adelphi Values Limited

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

	Share capital £	Retained earnings £	Total £
At 1 January 2018	100	1,621,563	1,621,663
Profit for the year	-	3,011,140	3,011,140
Total comprehensive income	-	3,011,140	3,011,140
Dividends	-	(3,126,000)	(3,126,000)
At 31 December 2018	100	1,506,703	1,506,803
	Share capital £	Retained earnings £	Total £
At 1 January 2017	100	2,015,630	2,015,730
Profit for the year	-	2,405,933	2,405,933
Total comprehensive income	-	2,405,933	2,405,933
Dividends	-	(2,800,000)	(2,800,000)
At 31 December 2017	100	1,621,563	1,621,663



## **Adelphi Values 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.

##### **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 Values Limited**

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

#### **Going concern**

The Company has net current assets of £1,506,803 of 31 December 2018 (2017: £1,621,563). 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 operation, 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](http://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 rebillable costs.

#### **Rebillable costs**

Rebillable costs comprise 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.

## **Adelphi Values Limited**

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

#### **Turnover**

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Company recognises turnover when:

The amount of turnover can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

#### **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.

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.

#### **Trade and other debtors**

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**

Stocks 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.

#### **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.

#### **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.

## Adelphi Values Limited

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

#### 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.

#### 2 Turnover

The whole of the Company's gross billings, turnover and operating profit for the year related to its principal activity, which was that of Health Outcomes and Market Access, 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	2,867,393	2,432,028
Europe	2,193,998	1,684,535
Americas	6,842,401	4,991,778
	<u>11,903,792</u>	<u>9,108,341</u>

#### 3 Operating profit

Arrived at after charging/(crediting)

	2018	2017
	£	£
Foreign exchange (gains) / losses	(108,754)	(19,455)
Hire of other assets - rentals payable	<u>159,744</u>	<u>178,471</u>

#### 4 Directors' remuneration

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

## Adelphi Values Limited

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

#### 5 Staff costs

The aggregate payroll costs were as follows:

	2018 £	2017 £
Wages and salaries	3,723,935	3,342,572
Social security costs	426,366	360,243
Pension and other post-employment benefit costs	283,398	239,653
	<u>4,433,699</u>	<u>3,942,468</u>

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

	2018 No.	2017 No.
Production	<u>96</u>	<u>86</u>

#### 6 Other interest receivable and similar income

	2018 £	2017 £
Receivable from group undertakings	<u>15,518</u>	<u>10,154</u>

## Adelphi Values Limited

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

#### 7 Taxation

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

	2018 £	2017 £
<b>Current taxation</b>		
Current tax on income for the period	706,430	573,632
Adjustments in respect of previous periods	<u>-</u>	<u>(47)</u>
	<u>706,430</u>	<u>573,585</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher 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>3,717,570</u>	<u>2,979,518</u>
Corporation tax at standard rate	706,338	573,557
Effect of expense not deductible in determining taxable profit (tax loss)	92	75
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	<u>-</u>	<u>(47)</u>
Total tax charge	<u>706,430</u>	<u>573,585</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.

#### 8 Dividends

	2018 £	2017 £
Interim dividend of £31,260.00 (2017 - £28,000.00) per ordinary share	<u>3,126,000</u>	<u>2,800,000</u>

#### 9 Stocks

	2018 £	2017 £
Long term contracts	<u>579,015</u>	<u>1,266,773</u>

## Adelphi Values Limited

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

#### 10 Debtors

	2018 £	2017 £
Trade and other debtors	3,793,161	2,979,092
Amounts owed by group undertakings - trading balances	457,501	506,811
Amounts owed by group undertakings - loans and advances	1,738,770	3,457,762
Prepayments and accrued income	25,538	46,127
	<u>6,014,970</u>	<u>6,989,792</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 £1,738,770 (2017: £3,457,762) representing cash deposited by the Company under these arrangements.

#### 11 Creditors

	2018 £	2017 £
<b>Due within one year</b>		
Payments received on account	2,213,731	4,218,803
Trade and other creditors	23,597	70,837
Amounts owed to group undertakings - trading balances	204,280	16,326
Taxation and social security	683,462	776,333
Accruals and deferred income	1,962,112	1,552,603
	<u>5,087,182</u>	<u>6,634,902</u>

#### 12 Share capital

##### Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## **Adelphi Values Limited**

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

#### **13 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 £283,398 (2017 - £239,653).

#### **14 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 other related parties**

The Cinnamon Agency Limited

##### **Expenditure with and payables to related parties**

	<b>Other related parties</b>
	<b>£</b>
<b>2018</b>	
Rendering of services	<u>13,640</u>
	<b>Other related parties</b>
	<b>£</b>
<b>2017</b>	
Rendering of services	<u>12,785</u>

#### **15 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 Values Limited**

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

#### **16 Post balance sheet events**

On 22 February 2019 the directors paid an interim dividend of £1,450,000. This has not been included in the financial statements as it was not approved before the year end.