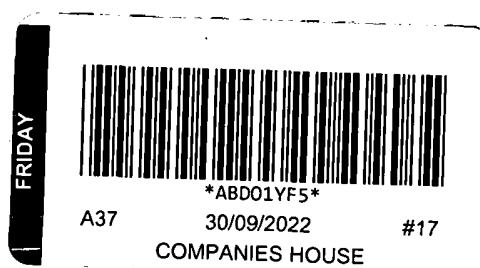

Publicis Media Limited

Annual Report and Financial Statements

for the year ended 31 December 2021

Registered Number: 04244479



Directors

A King
S Frogley
S King

Secretary

P Muwanga

Auditor

Mazars LLP
30 Old Bailey
London
EC4M 7AU

Registered Office

1st Floor
2 Television Centre
101 Wood Lane
London
W12 7FR

Strategic Report

for the year ended 31 December 2021

Principal activity and review of the business

The Company is the global head office for the media brands of Publicis Groupe. The Company's subsidiary companies carry on the business of media planning and buying in the advertising industry. The Company also provides its own media services through the sale of media books and franchise fees.

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

	2021 £'000	2020 £'000	Change %
Operating loss	(103)	(4,428)	(98%)
Profit / (loss) after tax	5,147	(2,749)	(287%)

Loss after tax has improved into a profit after tax due to a significant increase in income received from group undertakings which offset the increase in the cost base of the business as the Groupe's brands benefit from the wider economic recovery following the Covid-19 pandemic.

The services offered by the Company have minimal environmental impact. However, the Board believes that good environmental practices support the Board's strategy by enhancing the reputation of the firm.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as competitive and financial instrument risk.

Competitive risks

The Company operates in a highly competitive marketplace where margins are continually under pressure. However, the Company is well positioned to maintain its market share.

Financial instrument risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

- *Exposure to liquidity, cash flow and credit risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We aim to mitigate liquidity risk by managing cash generation by our operations and applying cash collection targets.

Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance the day-to-day operations. We manage cash flow risk by careful negotiation of terms with customers and suppliers.

Strategic Report (continued)

for the year ended 31 December 2021

Principal risks and uncertainties (continued)

Financial instrument risks (continued)

- *Exposure to liquidity, cash flow and credit risk (continued)*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Our policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

- *Exposure to foreign exchange risk*

Foreign exchange risk is the risk arising from purchases and sales of goods or services denominated in foreign currencies. Our commercial dealings including intercompany activity are transacted in multiple foreign currencies and therefore expose the Company to a significant level of foreign exchange risk.

The Company manages this risk through the use of derivatives, namely currency forward contracts and currency swaps, with the overall aim being to minimise the foreign exchange charge or gain.

As regards intercompany loans/borrowings, these are subject to appropriate hedges if they present significant net exposures to exchange rate risk.

Derivatives used are generally forward currency contracts or currency swaps.

Covid-19

The declaration of the Covid-19 pandemic in 2020 resulted in unprecedented uncertainty to the global economy following the introduction of lockdown measures by national governments worldwide in a bid to combat the spread of the virus. Since the initial declaration, the Company has taken certain actions to effectively manage the impact of the pandemic on the Company which prioritised the health and safety of employees whilst supporting clients and managing the cost-base of the business. In this context, the Company has entered 2022 in an improving environment with various national governments including the UK government relaxing all restrictions related to the Covid-19 pandemic which has seen a recovery in economic activity.

However, there continues to be economic and social uncertainty related to the Covid-19 pandemic which could have an impact on economic activity in certain overseas markets in which the Company operates. This is largely driven by the potential impact from varying and ongoing Covid-19 restrictions which continue to be imposed by overseas national governments in their jurisdictions and has been factored by the Company as part of its going concern assessment.

In general, all of the principal risks and uncertainties above should be considered in light of the consequences of the Covid-19 pandemic.

Strategic Report (continued)

for the year ended 31 December 2021

This report was approved by the board of directors and signed on its behalf by:

Steve King

Steve King (Sep 29, 2022 16:40 GMT+1)

S King

Director

29 September 2022

Directors' Report

for the year ended 31 December 2021

The directors present their report and the audited financial statements of Publicis Media Limited ("the Company") for the year ended 31 December 2021.

Results and dividends

The Company recorded a profit after tax for the year of £5,147,000 (2020: loss of £2,749,000). No dividends were declared and paid during the year (2020: £Nil).

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 4. These matters relate to the principal activity and financial risks.

Future developments

The directors do not foresee any material changes in the continuing operations of the business.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were:

A King	(appointed 24 June 2021)
A Sayliss	(resigned 24 June 2021)
S King	
S Frogley	(appointed 24 June 2021)

Directors' indemnity

The directors confirm that no qualifying third party indemnity provision in favour of any directors of the Company, as defined by Section 236 of the Companies Act 2006, either by the Company or by any other party, was in force at the time of the signing of the report, and that no such provision had been in force at any time in the year.

Post balance sheet events

Since the year ended 31 December 2021, the United Kingdom, the European Union, the United States of America and other Western nations have imposed economic sanctions on Russia and Russian interests worldwide in response to Russian forces entering Ukraine on 24 February 2022. The directors have considered the impact of the Company's ultimate parent undertaking Publicis Groupe S.A. subsequent announcement on 15 March 2022 that it has ceased all trading activities in Russia with immediate effect and the wider global impact of the economic sanctions imposed on the Company's activities and operations. Whilst it is too early to assess the full financial impact on the Company, a decline in activity may give rise to future impairment of assets and may create additional liabilities which cannot be quantified at this stage. As such, the directors have treated this as a non-adjusting post balance sheet event.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy

Directors' Report (continued)

for the year ended 31 December 2021

Disabled employees (continued)

of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees' engagement

The Company places considerable value on its engagement with employees and has continued its previous practice of keeping them informed on matters affecting them as employees and in various factors affecting the performance of the Company through electronic communication. Employees are consulted regularly on a wide range of matters affecting their current and future interests

Going concern

At 31 December 2021, the Company has net current liabilities of £58,721,000 (2020 restated: £63,857,000) and has received written confirmation in the form of a letter of support from its immediate parent company, MMS UK Holdings Limited that it will provide the necessary funds to enable the Company to meet its liabilities as they fall due, for a period of at least twelve months from the date of approval of these financial statements.

The directors have prepared detailed budgets and financial forecasts taking into account expected future trading performance, including the prolonged impact of the Covid-19 pandemic, the impact on global economic activity of the economic sanctions imposed by the United Kingdom, the European Union, the United States of America and other Western nations on Russia and Russian interests in response to Russia entering Ukraine on 24 February 2022 and the support level received. Having assessed the position of the immediate parent company, the directors have a reasonable expectation that the Company has reasonable resources and support to continue in operational existence for the foreseeable future, being a period of at least twelve months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Disclosure of information to the 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 is unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with s418 of the Companies Act 2006.

This report was approved by the board of directors and signed on its behalf by:

Steve King
Steve King (Sep 29, 2022 16:40 GMT+1)

S King
Director

29 September 2022

Statement of Directors' Responsibilities for the year ended 31 December 2021

The directors are responsible 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Independent auditor's report to the members of Publicis Media Limited (continued)

for the year ended 31 December 2021

Opinion

We have audited the financial statements of Publicis Media Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such

Independent auditor's report to the members of Publicis Media Limited (continued)

for the year ended 31 December 2021

Other information (continued)

material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error.

Independent auditor's report to the members of Publicis Media Limited (continued)

for the year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements (continued)

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the UK tax legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to impairment of investments.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained

Independent auditor's report to the members of Publicis Media Limited (continued)

for the year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements (continued)

a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.


David Herbinet (Sep 30, 2022 09:50 GMT+1)

David Herbinet (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

30 September 2022

Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Administrative expenses		(103)	(4,428)
Operating loss	3	(103)	(4,428)
Income from shares in group undertakings		6,758	727
Interest receivable and similar income	7	-	8
Interest payable and similar charges	8	(31)	(222)
Profit / (loss) on ordinary activities before taxation		6,624	(3,915)
Taxation	9	(1,477)	1,166
Profit / (loss) for the year		5,147	(2,749)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		5,147	(2,749)

The Company's operating loss relates to continuing operations.

The notes on pages 15 to 32 form part of these financial statements.

Balance Sheet

at 31 December 2021

	Notes	2021 £'000	Restated 2020 £'000
Non-current assets			
Deferred tax asset	9	3,162	2,228
Property, plant and equipment	10	-	-
Investments	11	50,323	50,323
		<hr/> 53,485	<hr/> 52,551
Current assets			
Work in progress		250	479
Trade and other receivables	12	12,819	30,025
		<hr/> 13,069	<hr/> 30,504
Current liabilities			
Trade and other payables	13	(66,622)	(91,636)
Derivatives - Liabilities	16	(19)	-
Corporation tax		(5,149)	(2,725)
		<hr/> (71,790)	<hr/> (94,361)
Net current liabilities		<hr/> (58,721)	<hr/> (63,857)
Total assets less current liabilities		<hr/> (5,236)	<hr/> (11,306)
Net liabilities		<hr/> (5,236)	<hr/> (11,306)
Capital and reserves			
Called up share capital	14	9	9
Capital redemption reserve		(1)	(1)
Retained earnings		(5,244)	(11,314)
		<hr/> (5,236)	<hr/> (11,306)
Total equity		<hr/> (5,236)	<hr/> (11,306)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by.

Steve King

Steve King (Sep 29, 2022 16:40 GMT+1)

S King
Director

29 September 2022

The notes on pages 15 to 32 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2021

	Called up share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020 (restated)	9	(1)	(6,916)	(6,908)
Loss for the year	-	-	(2,749)	(2,749)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(2,749)	(2,749)
Share-based payments (see Note 15)	-	-	(1,649)	(1,649)
At 31 December 2020 (restated)	9	(1)	(11,314)	(11,306)
Profit for the year	-	-	5,147	5,147
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	5,147	5,147
Share-based payments (see Note 15)	-	-	923	923
At 31 December 2021	9	(1)	(5,244)	(5,235)

The notes on pages 15 to 32 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies

1.1. Basis of preparation

Publicis Media Limited ("the Company") is a private company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of the registered office is 1st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR. These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value. The Company's functional and presentational currency is Pound Sterling.

Consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements under Section 400 of the Companies Act 2006. Consolidated financial statements are prepared by Publicis Groupe S.A., the ultimate parent undertaking, incorporated in France and are available from the address set out in Note 18. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Going concern

At 31 December 2021, the Company has net current liabilities of £58,721,000 (2020 restated: £63,857,000) and has received written confirmation in the form of a letter of support from its immediate parent company, MMS UK Holdings Limited that it will provide the necessary funds to enable the Company to meet its liabilities as they fall due, for a period of at least twelve months from the date of approval of these financial statements.

The directors have prepared detailed budgets and financial forecasts taking into account expected future trading performance, including the prolonged impact of the Covid-19 pandemic, the impact on global economic activity of the economic sanctions imposed by the United Kingdom, the European Union, the United States of America and other Western nations on Russia and Russian interests in response to Russia entering Ukraine on 24 February 2022 and the support level received. Having assessed the position of the immediate parent company, the directors have a reasonable expectation that the Company has reasonable resources and support to continue in operational existence for the foreseeable future, being a period of at least twelve months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

1.1. Basis of preparation (continued)

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 paragraph 8:

- (i) The requirements of IFRS 2 'Share-based Payment' paragraphs 45(b) and 46 to 52 relating to certain disclosure requirements on share-based payments;
- (ii) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)) and the reconciliation of the carrying amount of intangible assets (IAS 38(118)(e));
- (iv) The requirements of IAS 1 'Presentation of Financial Statements' paragraph 16, the requirement to make an explicit and unreserved statement of compliance with IFRS;
- (v) The requirements of IAS 1 'Presentation of Financial Statements' paragraphs 38A to 40D relating to disclosures of comparative information;
- (vi) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives
- (vii) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d) and 111 relating to the presentation of a Cash Flow Statement;
- (viii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective;
- (ix) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 and 18(a) relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group; and
- (x) The requirements of IAS 36 'Impairment of Assets' paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) relating to certain disclosure requirements of impairment testing.

For the disclosure exemptions listed in points (i) to (ii) and (ix), the equivalent disclosures are included in the consolidated financial statements of the group, Publicis Groupe S.A. which the Company is consolidated into.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

1.1. Basis of preparation (continued)

Changes in accounting policies

New and amended standards and interpretations adopted

The following standards and interpretations have been adopted by the Company as they are mandatory for the year ended 31 December 2021:

	UK effective date Periods beginning on or after
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	1 January 2021

The adoption of the standards and interpretations above has not had a material impact on the Company's financial statements.

1.2. Accounting principles

Effect of foreign currency

Transactions denominated in foreign currencies are translated into sterling at the actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the Statement of Comprehensive Income. The Company uses derivatives such as foreign currency hedges to hedge its current or future positions against foreign exchange rate risks. These derivatives are measured at fair value, determined by reference to observable market prices at the reporting date.

Pension

The Company operates a defined contribution scheme for its employees. Contributions to defined contribution schemes are recognised in the Statement of Comprehensive Income in the period in which they become payable.

Income from shares in group undertakings

Income from shares in group undertakings represents dividend income and is recognised when the Company's right to receive payment is established.

Interest income and expense

Interest income arises from balances with group undertakings. Interest expense arises from financing activities. Interest income and expense are recognised in the Statement of Comprehensive Income using the effective interest method.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Income tax

UK corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Property, plant and equipment

Property, plant and equipment are stated net of accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost of the asset on a straight line basis over their estimated useful lives as follows:

Computer equipment	- 4 years
--------------------	-----------

Residual value is calculated on prices prevailing at the date of acquisition. The carrying values of the property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in the Statement of Comprehensive Income.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Investments

Investments are shown at cost less provision for impairment in value. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment tests are performed for the cash-generating unit(s) by comparing the recoverable value and the carrying amount of the cash-generating unit(s). The Group considers each agency or group of agencies to be a cash-generating unit.

The recoverable value of a cash-generating unit is the greater of its fair value (generally its market value), net of disposal costs, and its value in use. Value in use is determined on the basis of discounted future cash flows. Calculations are based on five-year cash flow forecasts, a terminal growth rate for subsequent cash flows and the application of a discount rate to all future flows. The discounted rate used reflects current market assessments of the time value of money and the specific risks to which the cash-generating unit is exposed.

If the carrying amount of a cash-generating unit is higher than its recoverable value, the assets of the cash-generating unit are written down to their recoverable value. Impairment losses are recognised through the Statement of Comprehensive Income and against the investment.

Trade and other receivables

Trade receivables are recognised at the initial amount of the invoice, except for longer-term debtors explained below. Trade receivables presenting a risk of non-recovery are subject to impairment. Such allowances are determined, on a case-by-case basis, using various criteria such as difficulties in recovering the receivables, the existence of any disputes and claims, or the financial position of the debtor. Due to the nature of the Company's activities, trade receivables are of a short-term nature and are measured at amortised cost using the effective interest method. Nevertheless, any trade and other receivables of a longer-term nature will be recognised at their discounted value.

Trade and other payables

This line item includes all operating payables (including notes payable and accrued supplier invoices) related to the purchase of goods and services. These payables are generally due within less than one year. Financial liabilities are measured at amortised cost using the effective interest method.

Equity and reserves

Called-up share capital represents the nominal value of shares that have been issued.

Capital redemption reserve arose on the repurchase of share capital in 2002.

Retained earnings include all current and prior period retained profits.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided that all other non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement is a cumulative expense since the previous balance sheet date is recognised in the Statement of Comprehensive Income, with a corresponding entry in equity. Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period.

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Statement of Comprehensive Income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Statement of Comprehensive Income.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires of the use of certain critical accounting judgements and estimates regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Notes to the financial statements

for the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Information about critical accounting judgements and key sources of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the relevant notes highlighted below:

- impairment of investments;
- fair-value measurement of stock options awarded under Publicis Groupe S.A.'s stock option plans.

Detailed disclosures concerning these matters are provided in Notes 1.2, 11 and 15.

3. Operating loss

Operating loss is stated after charging:

	2021 £'000	2020 £'000
Loss on transactions in denominated in foreign currency	15	300
Auditor's remuneration (Note 4)	9	4
Impairment of investments (Note 11)	396	-
Staff costs (Note 5)	15,458	11,960
	<u>15,458</u>	<u>11,960</u>

4. Auditor's remuneration

The remuneration of the auditor is further analysed as follows:

	2021 £'000	2020 £'000
Audit of the financial statements - Company	9	4
	<u>9</u>	<u>4</u>

5. Employees

Staff costs were as follows:

	2021 £'000	2020 £'000
Wages and salaries	14,010	9,952
Social security costs	1,202	1,703
Defined contribution pension scheme costs	246	305
	<u>15,458</u>	<u>11,960</u>

Notes to the financial statements

for the year ended 31 December 2021

5. Employees (continued)

Included in total staff costs is a total expense for share-based payments of £923,000 (2020: credit of £1,649,000) arising from transactions accounted for as equity-settled share-based payment transactions (see Note 15).

The average monthly number of persons employed by the Company during the year was:

	2021 No.	2020 No.
Senior management operational	65	73

6. Directors' remuneration

The directors of the Company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors do not believe that it is practicable to apportion the remuneration between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies. The directors' remuneration is therefore disclosed in the accounts of the fellow subsidiaries that make the remuneration payments.

7. Interest receivable and similar income

	2021 £'000	2020 £'000
Intercompany interest receivable	-	8

8. Interest payable and similar charges

	2021 £'000	2020 £'000
Intercompany interest payable	31	222

Notes to the financial statements

for the year ended 31 December 2021

9. Taxation

(a) Analysis of charge / (credit) for year

	2021 £'000	2020 £'000
Current tax:		
Corporation tax	2,411	(1,486)
Total current tax	2,411	(1,486)
Deferred tax:		
Origination and reversal of temporary difference	(175)	313
Adjustment in respect of previous periods	-	7
Change in tax rates	(759)	7
Total deferred tax (see Note 9(c))	(934)	320
Tax on profit / (loss) on ordinary activities (see Note 9(b))	1,477	(1,166)

(b) Factors affecting tax charge / (credit) for the year

The tax assessed on the profit / (loss) on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are reconciled below:

	2021 £'000	2020 £'000
Profit / (loss) on ordinary activities before taxation	6,624	(3,915)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	1,259	(744)
Expenses not deductible for tax purposes	(1)	-
Adjustment in respect of previous periods	-	7
Share-based payments	(390)	(291)
Income not taxable for tax purposes	1,293	(138)
Impairment of investments	75	-
Remeasurement of deferred tax for changes in tax rates	(759)	-
Total tax (see Note 9(a))	1,477	(1,166)

Notes to the financial statements

for the year ended 31 December 2021

9. Taxation (continued)

(c) Deferred taxation

	Accelerated tax differences £'000	Other temporary differences £'000	Total £'000
At 1 January 2020	7	2,541	2,548
Debit to profit and loss	-	(313)	(313)
Deferred tax in respect of the prior year	(7)	-	(7)
At 31 December 2020	-	2,228	2,228
Credit to profit to loss	-	175	175
Change in tax rates	-	759	759
At 31 December 2021	-	3,162	3,162

Analysis of deferred tax balances for financial reporting purposes:

	2021 £'000	2020 £'000
Deferred tax assets	3,162	2,228

(d) Factors that may affect future tax charges

The UK Government has announced plans to increase the standard rate of corporation tax from 19% to 25% from 1 April 2023. This change has been substantively enacted by the year end and therefore has been reflected in the calculation of deferred tax above.

Notes to the financial statements

for the year ended 31 December 2021

10. Property, plant and equipment

	Computer equipment £'000	Total £'000
Cost:		
At 1 January and 31 December 2021	85	85
Depreciation:		
At 1 January and 31 December 2021	85	85
Net book value:		
At 31 December 2021	-	-
At 31 December 2020	-	-

11. Investments

	Investments in subsidiaries £'000
Cost:	
At 1 January 2021	96,787
Additions	396
At 31 December 2021	97,183
Provision for impairment	
At 1 January 2021	46,464
Charge for the year	396
At 31 December 2021	46,860
Net book value:	
At 31 December 2021	50,323
At 31 December 2020	50,323

Notes to the financial statements

for the year ended 31 December 2021

11. Investments (continued)

The directors consider any need for impairment taking into consideration the group's assessment of goodwill and intangible assets, and 5-year forecasts into perpetuity in relation to the underlying investments.

The Company has investments in the following subsidiary undertakings at the year-end:

<i>Name</i>	<i>Direct %</i>	<i>indirect %</i>	<i>Country of Incorporation</i>	<i>Activities</i>	<i>Registered office</i>
Zenith (Media) International Limited	100		England & Wales	Media planning and buying	1 st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR
Zenith UK (Media) Limited	100		England & Wales	Media planning and buying	1 st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR
Zenith Services (Media) Limited	100		England & Wales	Media planning and buying	1 st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR
Meridian Outdoor Advertising Limited	100		England & Wales	Dormant	1 st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR
Publicis Media UK Limited		100	England & Wales	Media planning and buying	1 st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR

12. Trade and other receivables

	2021	Restated
	£'000	2020
		£'000
Trade receivables	-	99
Amounts owed by group undertakings	12,768	29,654
Prepayments	36	243
Other receivables	15	29
	12,819	30,025

Notes to the financial statements

for the year ended 31 December 2021

13. Trade and other payables

	2021 £'000	2020 £'000
Bank overdraft	-	6
Trade payables	49	17
Amounts owed to group undertakings	61,651	79,772
Other taxation and social security costs	832	1,522
Accruals	2,851	9,490
Other payables	1,239	829
	<u>66,622</u>	<u>91,636</u>

14. Authorised and issued share capital

	2021 £'000	2020 £'000
<i>Allotted, called up and fully paid</i>		
2,500 (2020: 2,500) 'A' ordinary shares of 50p each	1	1
7,500 (2020: 7,500) 'B' ordinary shares of £1 each	8	8
	<u>9</u>	<u>9</u>

15. Share-based payments

The total expense recognised for share-based payments in respect of employee services received during the year to 31 December 2021 is £923,000 (2020: credit of £1,649,000). The total expense arose from equity-settled share-based payment transactions.

Free share plans (senior employees)

Free shares are granted to senior employees of the Company at the discretion of the Management Board of the ultimate parent company Publicis Groupe S.A.. The free share plans outstanding at 31 December 2021 have the following characteristics:

Special Retention Plan 2019-2022

A new 3-year retention plan was established for certain Groupe managers. This plan is subject, in addition to the condition of continued employment, to personal performance conditions for 2020 to 2022. It will be deliverable in March 2023, at the end of a 3-year period.

The first tranche in connection with 2020 performance conditions was cancelled in December 2020 and the second tranche in connection with 2021 performance conditions was replaced by the Long Term Incentive Plan (LTIP) 2021.

Notes to the financial statements

for the year ended 31 December 2021

15. Share-based payments (continued)

Free share plans (senior employees) (continued)

Special "Star Growth Performers" 2019 plan

To retain Group players that have a direct impact on growth, some of the Group's employees were awarded free shares subject only to a continued employment condition. The shares will be deliverable at the end of a three-year period, in May 2022.

Long Term Incentive Plan (LTIP) 2019-2021 Directoire

Under this plan, the members of the Management Board were awarded free shares, subject to three conditions:

- employment must continue throughout the three-year vesting period;
- growth and profitability targets must be achieved for the years 2019, 2020 and 2021;
- a CSR (Corporate Social Responsibility) criterion must be met. The condition will be considered to be met if, at the end of the third year of the performance period, at least 40% of the members of the Group's Executive Committees in the Solution Hubs and main countries are women.

The shares ultimately awarded in accordance with the level of attainment of these conditions will be deliverable at the end of a three-year period, i.e. in June 2022.

Long Term Incentive Plan (LTIP) 2019

Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions:

- employment must continue throughout the three-year vesting period; and
- the free shares are subject to performance criteria and the total number of shares delivered will depend on the overall growth and profitability targets attained in 2019.

The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, i.e. in May 2022.

Long-Term Incentive Plan (LTIP) 2021 Directoire

As part of this plan, the members of the Management Board were awarded free shares, subject to three conditions:

- a continued presence condition during the three-year vesting period;
- conditions for achieving the Group's revenue growth and profitability targets for the entire period from 2021 to 2023;
- conditions based on progress mainly on the CSR (corporate social responsibility) policy, in the area of both Diversity, Equality and Inclusion and in the area of combating climate change, for which indicative interim points have been set. At the end of 2023, the percentage of women in key management positions as well as the percentage of change of integration of renewable energies in the Groupe will be assessed against targets set.

The shares ultimately awarded in accordance with the level of achievement of these conditions will be deliverable at the end of a three-year period, i.e. in March 2024.

Notes to the financial statements

for the year ended 31 December 2021

15. Share-based payments (continued)

Free share plans (senior employees) (continued)

Long Term Incentive Plan (LTIP) 2021

Under this plan, a certain number of Groupe managers were granted free shares, subject to three conditions:

- A continued presence condition during the three-year vesting period;
- Conditions for achieving the Groupe's revenue growth and profitability targets for the year 2021,
- Conditions based on progress main on the CSR (corporate social responsibility) policy, in the area of both Diversity, Equality and Inclusion and in the area of combating climate change, for which indicative interim points have been set. At the end of 2021, the percentage of women in key management positions as well as the percentage of change of integration of renewable energies in the Groupe will be assessed against targets set.

The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, i.e. in March 2024 (or September 2024, depending on the date on which said shares were awarded).

Share option plans

Share Options are granted to senior employees of the Company at the discretion of the Management Board of the ultimate parent company Publicis Groupe S.A.. The stock option plans outstanding at 31 December 2021 have the following characteristics:

LionLead II 2013 (option)

Under this plan, the ultimate parent company, Publicis Groupe S.A. has awarded one free share and 7.03 stock options for each Publicis share purchased on their behalf by LionLead, a specific structure dedicated to this operation. These options, which were granted in April 2013, have completed their vesting period but the exercise of options remains subject to a continued presence condition until the date of exercise of the options exercisable in April 2023.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

No other features of options grant were incorporated into the measurement of fair value.

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Notes to the financial statements

for the year ended 31 December 2021

16. Financial instruments

The derivatives, which have a three month life, are valued based on a discounted cash flow, using quoted forward rates (an observable input) and discounted at a rate that takes into account credit risk.

Categories of financial instruments held at fair value

	2021 £'000	2020 £'000
Financial assets at fair value through profit and loss		
Derivative instruments – Assets	-	-
Financial assets at fair value through profit and loss		
Derivative instruments – Liabilities	(19)	-

Fair value hierarchy

The table below breaks down financial instruments recognised at fair value according to the measurement method used. The different levels of fair value have been defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable data other than quoted prices for identical assets or liabilities in active markets;
- Level 3: Unobservable data.

Derivative financial instruments valued using level 2 valuation techniques.

Changes in the value of financial instruments at fair value

Profit for the year has been arrived after (crediting)/charging

	2021 £'000	2020 £'000
Financial assets at fair value through profit and loss		
Derivative instruments – Assets	-	15
Financial assets at fair value through profit and loss		
Derivative instruments – Liabilities	-	(3)

Notes to the financial statements

for the year ended 31 December 2021

17. Related party transactions

The Company has taken advantage of the exemption under IAS 24, "Related Party Disclosures", not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

For the year ended 31 December 2021 the Company had the following transactions with other subsidiaries of Publicis Groupe S.A. that are not 100% owned.

	Payables		Receivables		Services		Billings	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Publicis Bulgaria	-	-	-	5	-	-	-	-
Publicis Conseil S.A. (France)	(17)	-	-	-	88	-	-	-
Publicis Media Denmark A/S	-	-	22	163	-	-	-	(81)
S&S (Vietnam) J.V. Co. Ltd.	-	-	261	263	-	-	-	-
SMG Indonesia	-	-	-	264	-	-	-	-

18. Prior year restatement

In 2018, a subsidiary undertaking declared a final dividend of £5,500,000 and in 2019, another subsidiary undertaking declared a final dividend due to the Company of £7,732,000. Both dividend receipts were incorrectly excluded from the Company's financial statements. As a result, the following adjustments have been processed to correctly recognise the dividend income from the date the dividend became legally payable to the Company:

	Previously reported 2020 £'000	Adjustment 2020 £'000	After restatement 2020 £'000
Balance Sheet			
Amounts owed by group undertakings at 1 January 2020	26,944	13,232	40,176
Retained earnings at 1 January 2020	(20,148)	13,232	(6,916)

19. Ultimate parent undertaking and controlling party

The immediate parent undertaking is MMS UK Holding Limited, a company incorporated in England and Wales. The ultimate parent undertaking, controlling party and the parent undertaking of the largest and smallest group to include the Company in its group financial statements is Publicis Groupe S.A., incorporated in France. Copies of its consolidated financial statements are available from 133 Avenue des Champs Elysees, 75008 Paris, France.

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for the year ended 31 December 2021

20. Post balance sheet events

Since the year ended 31 December 2021, the United Kingdom, the European Union, the United States of America and other Western nations have imposed economic sanctions on Russia and Russian interests worldwide in response to Russian forces entering Ukraine on 24 February 2022. The directors have considered the impact of the Company's ultimate parent undertaking Publicis Groupe S.A. subsequent announcement on 15 March 2022 that it has ceased all trading activities in Russia with immediate effect and the wider global impact of the economic sanctions imposed on the Company's activities and operations. Whilst it is too early to assess the full financial impact on the Company, a decline in activity may give rise to future impairment of assets and may create additional liabilities which cannot be quantified at this stage. As such, the directors have treated this as a non-adjusting post balance sheet event.