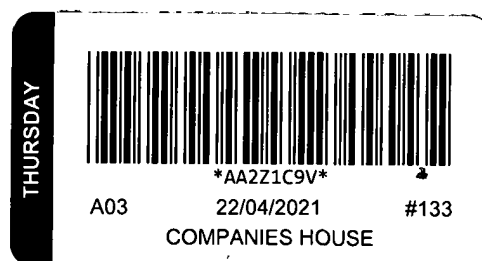


# MMS UK Holdings Limited

## Annual Report and Financial Statements

31 December 2019

Registered Number: 04982095



**Directors**

J-M Etienne	(resigned 8 February 2021)
C Crowther	(appointed 6 December 2019)
K Widdowson	(resigned 25 October 2019)
M-A Proch	(appointed 8 February 2021)

**Secretaries**

P Muwanga	(appointed 16 June 2020)
J Munis	(resigned 16 June 2020)
N Raj	(resigned 15 February 2019)

**Auditor**

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

**Registered office**

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

## Strategic report

### Principal activity and review of the business

The principal activity of the Company continues to be that of an intermediate holding company.

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

	2019 £000	2018 £000	Change %
Operating loss	(17,609)	(131,249)	(87%)
Profit/(loss) after tax	57,213	(121,767)	(147%)
Shareholder's funds	544,719	487,506	12%
Current assets as a % of current liabilities	20%	28%	(8%)

The Company's operating loss and loss after tax decreased primarily due to the movement in the impairment charge on investments from £131m to £29m and the movement in dividends received from £23m to £93m.

Shareholder's funds increased by 12% due to the profit after tax noted above.

Current assets as a percentage of current liabilities has decreased by 8% mainly due to movements in amounts owed by group companies.

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, financial instrument and impairment of investment risks.

- **Competitive risks**

The Company acts as an intermediary holding company and invests in companies that operate in advertising and communications industries. These industries are highly competitive; however, these companies are well positioned to maintain their 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. We also manage liquidity risk via revolving credit facilities and long-term debt.

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 through a central cash pool system and funds are provided from our parent company as and when required.

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 other parties who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

- Financial instrument risks (continued)

- Exposure to foreign exchange risk

Foreign exchange risk is the risk arising from purchases and sales of goods or services denominated in foreign currencies. The majority of our commercial dealings are done in the local currencies of the countries in which they are transacted. As a result, exchange rate risk relating to such transactions is not very significant and is occasionally hedged through currency hedging agreements.

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.

- Impairment of investment risk

An asset is impaired if the recoverable amount is less than the carrying value. There is a risk that a directly held entity or its subsidiary generates lower than forecasted revenue or profits, leading to an impairment of the investment to the recoverable amount.

We monitor the performance of all subsidiaries held and perform a detailed review of future cash flows to ensure any risk of impairment is identified and recorded in the financial statements.

### Uncertainties arising from COVID-19 and Brexit

We have looked at the uncertainties arising from COVID-19 and Brexit facing all businesses and challenged ourselves as to the impact on estimates made within these financial statements including on the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment which is plainly subjective.

The impact of COVID-19 is more difficult to estimate but we are confident that the impact on our trading activities is manageable. We specifically comment on the impact on our going concern assessment on page 5.

On behalf of the board



C Crowther  
Director

19 April 2021

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2019.

### Results and dividends

The Company recorded a profit after tax for the financial year of £57,213,000 (2018 loss: £121,767,000). No dividends were declared and paid during the year (2018: £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 3. These matters relate to the principal activity and financial risks.

### Future developments

The directors expect the general level of activity to continue with further acquisitions made on behalf of the ultimate parent company, Publicis Groupe S.A..

### Directors

The directors who served during the year and thereafter are as listed on page 1.

### 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 financial year.

### Events after the balance sheet date

In December 2019, several cases of pneumonia associated with the coronavirus disease (COVID-19) were reported in Wuhan, China. The spread of the virus has caused business disruption beginning in January 2020 and the World Health Organization has declared this virus to be a public health emergency on 31 January 2020.

While the business disruption is currently expected to be temporary, there is uncertainty around the duration of these disruptions or the possibility of other effects on the business.

This outbreak has no impact on the financial statements as of 31 December 2019 but it is difficult to reasonably estimate the evolution of advertising and marketing spend which has fluctuated through 2020 at the time of this report. Management has put in place all of the necessary measures to protect all its stakeholders' interests and to rigorously manage all costs, particularly during this period.

No other significant events affecting the Company since the end of the financial year were noted.

### 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.

## Directors' report (continued)

### Going concern

The uncertainty as to the future impact on the Company of the recent Covid-19 outbreak in particular has been considered as part of the Company's adoption of the going concern basis of preparation. During 2020 we have continually monitored receivable balances for indicators of recoverability problems, to ensure the impact of Covid-19 is minimised and managed efficiently.

The Company is in a net current liability position at the year end, and has received confirmation from Publicis Groupe Holdings B.V., an intermediary parent company, that it will provide the necessary funds to enable it to meet its liabilities as they fall due, for at least twelve months from the date of approval of the financial statements. A number of downside scenarios have been performed to consider the potential impact of COVID-19 on the Group's forecasts and we are satisfied that Publicis Groupe Holdings B.V. will still be able to provide the support required, and that the going concern basis of preparation therefore remains appropriate.

On behalf of the board



C Crowther  
**Director**

19 April 2021

## Directors' responsibilities statement

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 MMS UK Holdings Limited**

### **Opinion**

We have audited the financial statements of MMS UK Holdings Limited (the 'Company') for the year ended 31 December 2019 which comprise, the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and 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, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

### **Emphasis of matter - Impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 13 and non-adjusting post balance sheet events on page 31.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The impact of COVID-19 became significant in March 2020 and has caused widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 continues to evolve and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that COVID-19 is a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent auditor's report to the members of MMS UK Holdings Limited (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 directors' responsibilities statement set out on page 6 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.

## Independent auditor's report to the members of MMS UK Holdings Limited (continued)

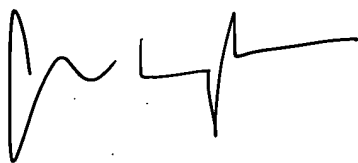
### Auditor's responsibilities for the audit of the financial statements

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 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 these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.



Claire Larquetoux (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

21 April 2021

## Statement of total comprehensive income

for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Operating expense		(40,277)	(148,073)
Other operating income		22,668	16,824
<b>Operating loss</b>	2	(17,609)	(131,249)
Income from shares in group undertakings	6	93,125	22,690
Interest receivable and similar income	7	6,102	7,136
Interest payable and similar charges	8	(28,474)	(23,442)
<b>Profit/(loss) on ordinary activities before taxation</b>		53,144	(124,865)
Tax	9	4,069	3,098
<b>Profit/(loss) for the financial year</b>		57,213	(121,767)
Other comprehensive income		-	-
<b>Total comprehensive income/(expense) for the year</b>		57,213	(121,767)

The Company's operating loss all relates to continuing operations.

## Balance sheet

at 31 December 2019

	Notes	2019 £000	2018 £000
<b>Non-current assets</b>			
Property, plant and equipment	10	47,332	37,218
Right-of-use assets related to leases	11	222,199	235,213
Investments in subsidiaries	13	1,107,736	1,079,682
		<u>1,377,267</u>	<u>1,352,113</u>
<b>Current assets</b>			
Corporation tax		14,692	14,178
Trade and other receivables	14	127,055	212,674
Derivatives	20	-	423
Cash and cash equivalents		35	-
		<u>141,782</u>	<u>227,275</u>
<b>Current liabilities</b>			
Trade and other payables	15	(690,249)	(806,134)
Derivatives	20	-	(451)
Short-term lease liabilities	12	(12,272)	(6,306)
		<u>(702,521)</u>	<u>(812,891)</u>
<b>Net current liabilities</b>		<u>(560,739)</u>	<u>(585,616)</u>
<b>Non-current liabilities</b>			
Deferred tax liability	9	(272)	(11)
Trade and other payables	16	-	(5,068)
Provision for liabilities	17	(19,404)	(18,193)
Long-term lease liabilities	12	(252,133)	(255,719)
		<u>(271,809)</u>	<u>(278,991)</u>
<b>Net assets</b>		<u>544,719</u>	<u>487,506</u>
<b>Capital and reserves</b>			
Called up share capital	18	17	17
Share premium		645,208	645,208
Retained earnings		(100,506)	(157,719)
<b>Total equity</b>		<u>544,719</u>	<u>487,506</u>

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



C Crowther  
Director

19 April 2021

## Statement of changes in equity

for the year ended 31 December 2019

	Called up share capital £000	Share premium £000	Retained earnings £000	Total equity £000
<b>At 1 January 2018</b>	17	645,208	(35,952)	609,273
Loss for the financial year	-	-	(121,767)	(121,767)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	(121,767)	(121,767)
<b>At 31 December 2018</b>	17	645,208	(157,719)	487,506
Profit for the financial year	-	-	57,213	57,213
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	57,213	57,213
<b>At 31 December 2019</b>	17	645,208	(100,506)	544,719

## Notes to the financial statements

for the year ended 31 December 2019

### 1. Accounting policies

#### 1.1. Basis of preparation

MMS UK Holdings Limited is a private Company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales.

##### **Statement of compliance**

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 EU (EU-adopted IFRSs) 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.

##### **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 21. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

##### **Going concern**

The uncertainty as to the future impact on the Company of the recent Covid-19 outbreak in particular has been considered as part of the Company’s adoption of the going concern basis of preparation. During 2020 we have continually monitored receivable balances for indicators of recoverability problems, to ensure the impact of Covid-19 is minimised and managed efficiently.

The Company is in a net current liability position at the year end, and has received confirmation from Publicis Groupe Holdings B.V., an intermediary parent company, that it will provide the necessary funds to enable it to meet its liabilities as they fall due, for at least twelve months from the date of approval of the financial statements. A number of downside scenarios have been performed to consider the potential impact of COVID-19 on the Group's forecasts and we are satisfied that Publicis Groupe Holdings B.V. will still be able to provide the support required, and that the going concern basis of preparation therefore remains appropriate.

##### **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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 ‘Revenue from Contracts with Customers’;
- (iv) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;

## Notes to the financial statements

for the year ended 31 December 2019

### 1. Accounting policies (continued)

#### 1.1. Basis of preparation (continued)

##### *Disclosure exemptions applied (continued)*

- (v) 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));
- (vi) The requirements of IAS 1 'Presentation of Financial Statements' paragraph 16, the requirement to make an explicit and unreserved statement of compliance with IFRS;
- (vii) The requirements of IAS 1 'Presentation of Financial Statements' paragraphs 38A to 40D relating to disclosures of comparative information;
- (viii) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (ix) 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;
- (x) 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;
- (xi) 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
- (xii) 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 (x), the equivalent disclosures are included in the consolidated financial statements of the group, Publicis Groupe S.A. which the Company is consolidated into.

##### *Use of estimates and judgments*

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainties and critical judgments 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;

Detailed disclosure concerning this matter is provided in Note 13.

## Notes to the financial statements

for the year ended 31 December 2019

### 1. Accounting policies (continued)

#### 1.2. Accounting principles

##### Interest income and expense

Interest income arises from cash and cash equivalents and balances with group undertakings. Interest expense arises from financing activities. Interest income and expense are recognised in the profit and loss account using the effective interest method.

##### Dividends

Dividend income is recognised when the Company's right to receive payment is established.

##### 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 income statement. 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.

##### 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.

##### Leases

Leases are recognised on the Balance sheet at the outset of the lease at the present value of future payments. These leases are recognised under "Lease liabilities", offset by "Right-of-use assets". They are amortised over the term of the lease, which is typically the fixed period of the lease unless there is a stated intention to renew or terminate. In the Statement of Comprehensive Income, depreciation and amortisation expenses are recognised in the operating margin and interest expenses under net financial income (expenses).

Leases of low-value assets or short-term leases are immediately expensed in profit or loss.

## Notes to the financial statements

for the year ended 31 December 2019

### 1. Accounting policies (continued)

#### 1.2. Accounting principles (continued)

##### Investment in subsidiaries

Investments in subsidiaries 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 income statement and against the investment.

##### Dilapidations

Dilapidations are provided for on leasehold properties where the terms of the lease require the Company to make good any changes made to the property during the period of the lease.

##### 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:

Leasehold improvements - over the shorter of the lease term and the useful life of the asset

Residual value is calculated on prices prevailing at the date of acquisition, and reviewed annually. 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 profit or loss.

##### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

## Notes to the financial statements

for the year ended 31 December 2019

### 1. Accounting policies (continued)

#### 1.2. Accounting principles (continued)

##### Trade and other receivables

Trade receivables are recognised at the initial amount of the invoice. 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.

##### Financial liabilities carried at fair value

*Derivative financial instruments, including hedge accounting*

The Group holds derivative financial instruments to hedge its foreign exchange risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. The fair value includes an allowance for debit/credit value adjustment in respect of both the Company and the derivative counterparty. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described in note 19.

##### Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits.

# Notes to the financial statements

for the year ended 31 December 2019

## 1. Accounting policies (continued)

### 1.2. Accounting principles (continued)

#### Adoption of new and revised standards

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2019:

	EU effective date Periods beginning on or after
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Applying IFRS 9 <i>Financial Instruments</i> with IFRS 4 <i>Insurance Contracts</i> (Amendments to IFRS 4)	1 January 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
The adoption of the standards and interpretations above has not had a material impact on the Company's financial statements.	

## 2. Operating loss

The operating loss is stated after charging/(crediting):

	2019 £000	2018 £000
Gain on transactions denominated in foreign currency	(890)	(1,979)
Depreciation of property, plant and equipment (see note 10)	4,712	3,208
Depreciation of right-of-use assets (see note 11)	16,340	14,297
Impairment of right-of-use assets (see note 11)	3,770	1,579
Impairment of investment (see note 13)	28,620	131,249
Auditor's remuneration (see note 3)	4	5

## 3. Auditor's remuneration

The remuneration of the auditor is further analysed as follows:

	2019 £000	2018 £000
Audit of the financial statements – Company	4	5

## 4. Staff costs

The Company does not have any employees.

## Notes to the financial statements

for the year ended 31 December 2019

### 5. Directors' emoluments

The directors of the Company are also directors of other members of the group. The directors do not believe that it is practicable to apportion the 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 subsidiaries that make the remuneration payments.

### 6. Income from shares in group undertakings

	2019 £000	2018 £000
Dividends received from:		
Amplity Limited	1,048	-
APX Trading Limited	-	1,500
Arc Integrated Marketing Limited	-	400
BBH Communications Limited	5,076	4,170
BBH Holdings Limited	5,634	4,340
Expicient Limited	171	-
Fallon London Limited	1,057	-
Saatchi & Saatchi (Central Services) Limited	117	370
Saatchi & Saatchi Group Limited	5,666	6,500
Saatchi & Saatchi Holdings Limited	74	640
Sapient Limited	45,444	-
Seven Seconds Limited	-	4,137
Spark Foundry Limited	19,233	-
Translate Plus Limited	1,358	632
Turner Duckworth Limited	8,247	-
	<u>93,125</u>	<u>22,690</u>

### 7. Interest receivable and similar income

	2019 £000	2018 £000
Intercompany interest receivable	<u>6,102</u>	<u>7,136</u>

### 8. Interest payable and similar charges

	2019 £000	2018 £000
Intercompany interest payable	23,167	19,211
Interest expense on lease liabilities	5,307	4,231
	<u>28,474</u>	<u>23,442</u>

## Notes to the financial statements

for the year ended 31 December 2019

### 9. Taxation

#### (a) Analysis of credit for year

	2019 £000	2018 £000
<b>Current tax:</b>		
Corporation tax	(4,258)	(3,450)
Adjustment in respect of previous periods	(72)	-
Total current tax	(4,330)	(3,450)
<b>Deferred tax:</b>		
Origination & reversal of temporary difference	293	39
Adjustment in respect of previous periods	(34)	315
Rate change	2	(2)
Total deferred tax (see note 9(c))	261	352
Tax on profit/(loss) on ordinary activities (see note 9(b))	(4,069)	(3,098)

#### (b) Factors affecting tax 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% (2018:19.00%). The differences are reconciled below:

	2019 £000	2018 £000
Profit/(loss) on ordinary activities before tax	53,144	(124,865)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018:19.00%)	10,097	(23,724)
Expenses not deductible for tax purposes	696	584
Investment impairment	3,562	22,095
Loss on investment	(627)	1,999
UK dividend not taxable	(17,693)	(4,311)
Adjustment in respect of discounting	-	(54)
Adjustment in respect of previous periods	(106)	315
Rate change	2	(2)
Total tax (see note 9(a))	(4,069)	(3,098)

## Notes to the financial statements

for the year ended 31 December 2019

### 9. Taxation (continued)

#### (c) Deferred taxation

	Accelerated tax depreciation £000	Other temporary differences £000	Total £000
As at January 2018	-	341	341
Credit to profit or loss	(39)	-	(39)
Deferred tax in respect of prior year	(271)	(44)	(315)
Rate change	19	(17)	2
As at December 2018	(291)	280	(11)
Debit/(credit) to profit or loss	21	(314)	(293)
Deferred tax in respect of prior year	-	34	34
Rate change	(2)	-	(2)
As at December 2019	(272)	-	(272)

Analysis of deferred tax balances for financial reporting purposes:

	2019 £000	2018 £000
Deferred tax assets	(272)	(11)

#### (d) Factors that may affect future tax charges

The UK corporation tax rate is currently 19%.

### 10. Property, plant and equipment

	Leasehold improvements £000	Total £000
<b>Cost:</b>		
At 1 January 2019	45,251	45,251
Additions	14,827	14,827
At 31 December 2019	60,078	60,078
<b>Depreciation:</b>		
At 1 January 2019	(8,034)	(8,034)
Charge for the year	(4,712)	(4,712)
At 31 December 2019	(12,746)	(12,746)
<b>Net book value:</b>		
At 31 December 2019	47,332	47,332
At 1 January 2019	37,218	37,218

## Notes to the financial statements

for the year ended 31 December 2019

### 11. Right of use assets

	Property £000	Total £000
At 1 January 2019	235,213	235,213
Additions	10,322	10,322
Disposals	(3,226)	(3,226)
Impairment	(3,770)	(3,770)
Depreciation expense	(16,340)	(16,430)
At 31 December 2019	<u>222,199</u>	<u>222,109</u>

### 12. Lease liability

Analysis of maturities of lease liabilities:

	2019 £000	2018 £000
Not later than one year	12,272	6,306
After one year but not more than five years	<u>252,133</u>	<u>255,719</u>
	<u>264,405</u>	<u>262,025</u>

### 13. Investment in subsidiaries

	£000
<b>Cost:</b>	
At 1 January 2019	1,973,702
Additions	56,948
Disposals and derecognition	(498,699)
Fair value adjustments	<u>2,301</u>
At 31 December 2019	<u>1,534,252</u>
<b>Impairment:</b>	
At 1 January 2019	894,020
Disposals and derecognition	(496,124)
Charge for year	<u>28,620</u>
At 31 December 2019	<u>426,516</u>
<b>Net book value:</b>	
At 31 December 2019	<u><u>1,107,736</u></u>
At 31 December 2018	<u><u>1,079,682</u></u>

## Notes to the financial statements

for the year ended 31 December 2019

### 13. Investment in subsidiaries (continued)

The impairment charge has been calculated in accordance with the accounting policy by comparing the current holding value of the assets against the projected future value, considering 5 year forecasts into perpetuity in relation to the underlying investments.

During the year MMS UK Holdings Limited acquired and sold the following companies:

Name	Share % acquired and sold	Consideration £000
<i>Additions:</i>		
BBH Holdings Limited	100%	270
BBH Sport Limited	100%	511
Epsilon International Limited	100%	30,055
Spark Foundry Limited	100%	26,112
		<u>56,948</u>
<i>Disposals and derecognition:</i>		
Amplity Limited		(16,573)
Expicient Limited		(125)
Fallon London Limited		(17,931)
Saatchi & Saatchi Limited		(464,070)
		<u>(498,699)</u>
<i>Fair value adjustments:</i>		
Translate Plus Limited		1,446
Turner Duckworth Limited		855
		<u>2,301</u>

## Notes to the financial statements

for the year ended 31 December 2019

### 13. Investment in subsidiaries (continued)

Details of the subsidiary and associate undertakings are as follows:

<i>Name</i>	<i>Direct %</i>	<i>Indirect %</i>	<i>Country of Incorporation</i>	<i>Activities</i>	<i>Registered office</i>
Alpha 245 Limited	100		England & Wales	Dormant	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Arc Integrated Marketing Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
APX Trading Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
BBH Holdings Limited	100		England & Wales	Holding Company	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Epsilon International Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
DigitasLBi Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
LBi UK Holding Limited	100		England & Wales	Holding Company	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Leo Burnett Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Lion Re:Sources UK Limited	100		England & Wales	Shared Service Centre	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Ninah Consulting Inc.	100		United States of America	Advertising	375 Hudson Street, New York, NY 10014, United States
PG Media Services Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Prodigious UK Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom

## Notes to the financial statements

for the year ended 31 December 2019

### 13. Investment in subsidiaries (continued)

Details of the subsidiary and associate undertakings are as follows:

<i>Name</i>	<i>Direct %</i>	<i>Indirect %</i>	<i>Country of Incorporation</i>	<i>Activities</i>	<i>Registered office</i>
Publicis Group UK Trustees Limited	100		England & Wales	Dormant	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Publicis Healthcare Communications Group Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Publicis Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Publicis Media Limited	100		England & Wales	Advertising & Holding Company	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Publicis Media Exchange Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Saatchi & Saatchi (Central Services) Limited	100		England & Wales	Holding Company	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Saatchi & Saatchi Group Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Saatchi & Saatchi Holdings Limited	100		England & Wales	Holding Company	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Salter Baxter Communications Limited	100		England & Wales	Public Relations	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Sapient Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Spark Foundry Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Translate Plus Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom

## Notes to the financial statements

for the year ended 31 December 2019

### 13. Investment in subsidiaries (continued)

Details of the subsidiary and associate undertakings are as follows:

<i>Name</i>	<i>Direct %</i>	<i>Indirect %</i>	<i>Country of Incorporation</i>	<i>Activities</i>	<i>Registered office</i>
Turner Duckworth Limited	100		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
BBH Communications Limited	49	51	England & Wales	Holding Company	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
BBH Sport Limited	75		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Seven Seconds Limited	81		England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Bartle Bogle Hegarty Limited		100	England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
BBH China Limited		100	China	Advertising	1/F Building 2-3, 23 Shaoxing Road, Shanghai 200020, China
BBH Communications (Asia Pacific) Pte Limited		100	Singapore	Advertising	5 Magazine Road #03-03 Central Mall 059571, Singapore
BBH Partners LLP		100	England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
CNC-Communications & Network Consulting Limited		100	England & Wales	Public Relations	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
D'arcy Masius Benton & Bowles (Trustee) Limited		100	England & Wales	Pension Trustees	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Langland Advertising Design & Marketing Limited		100	England & Wales	Advertising	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
MSL Group London Limited		100	England & Wales	Public Relations – Agent	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom

## Notes to the financial statements

for the year ended 31 December 2019

### 13. Investment in subsidiaries (continued)

Details of the subsidiary and associate undertakings are as follows:

<i>Name</i>	<i>Direct %</i>	<i>Indirect %</i>	<i>Country of Incorporation</i>	<i>Activities</i>	<i>Registered office</i>
Publicis Media UK Limited		100	England & Wales	Media Buying & Planning	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Saatchi & Saatchi Great Wall Advertising Co. Limited		100	China	Advertising	Tower B - 1503 Lei Shing Hong Plaza No.8 Wangjing Street, Chaoyang District Beijing 100020 Greater China
Starcom Worldwide Limited		100	England & Wales	Media Buying & Planning – Agent	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
The Most Radicalist Black Sheep Music Limited		100	England & Wales	Dormant	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Zenith International (Media) Limited		100	England & Wales	Media Buying & Planning	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Zenith UK (Media) Limited		100	England & Wales	Media Buying & Planning	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Zenith Services (Media) Limited		100	England & Wales	Media Buying & Planning	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
BBH Communication India Private Limited		76	India	Advertising	The Amiya Building, 1st Floor, 63/A Linking Road, Santacruz (West), 400 054, Mumbai, India
Leap Masters Limited		75	England & Wales	Dormant	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Leap Music Limited		75	England & Wales	Music Publishing & Music Services	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Meridian Outdoor Advertising Limited		50	England & Wales	Media Buying & Planning	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Zag Limited		37	England & Wales	Brand Invention	1 <sup>st</sup> Floor, 2 Television Centre, 101 Wood Lane, London, W12 7FR, United Kingdom
Quinn McDonnell Pattison Limited		17	Republic of Ireland	Advertising	16 Sir John Rogerson's Quay, Dublin 2. D02 DH34, Ireland

## Notes to the financial statements

for the year ended 31 December 2019

### 14. Trade and other receivables

	2019 £000	2018 £000
Amounts owed by group undertakings	126,742	210,940
Other receivables	301	232
Other taxation and social security costs	12	1,502
	<u>127,055</u>	<u>212,674</u>

### 15. Trade and other payables - current

	2019 £000	2018 £000
Bank overdraft	-	1,653
Trade payables	5	12
Amounts owed to group undertakings	684,482	792,007
Deferred consideration	4,907	8,748
Accruals and deferred income	22	56
Other payables	833	3,658
	<u>690,249</u>	<u>806,134</u>

### 16. Trade and other payables – non-current

	2019 £000	2018 £000
Deferred consideration	<u>-</u>	<u>5,068</u>
<i>Deferred consideration:</i>		
Balance as at 1 January	13,816	31,579
On acquisition	-	-
Settled in the year	(11,210)	(21,700)
Fair value adjustment (see note 13)	2,301	4,222
Discount adjustment	-	(285)
Balance as at 31 December	<u>4,907</u>	<u>13,816</u>
 Expected settlement period:		
Within one year	4,907	8,748
In two to three years	-	5,067
	<u>4,907</u>	<u>13,816</u>

# Notes to the financial statements

for the year ended 31 December 2019

## 17. Provisions

	Onerous lease £000	Dilapidations £000	Others £000	Total £000
Balance as at 1 January 2018	-	8,451	2,650	11,101
Reclassification to Other payables	-	-	(2,650)	(2,650)
Charge in the year	1,005	8,737	-	9,742
Balance as at 1 January 2019	1,005	17,188	-	18,193
Utilisation	(1,443)	-	-	(1,443)
Charge in the year	2,654	-	-	2,654
Balance as at 31 December 2019	2,216	17,188	-	19,404

The onerous provision relates to on-going service-related commitments relating to the Castlereagh Street, Middlesex House and Glassmill properties in London. The leases extends to either 2021 or 2025. The assumptions used in calculating the provision are a discount rate of 1.53%, a term extending to 2021 or 2025; and the majority of the space remaining unoccupied.

The dilapidation provision was created in relation to the future costs to be incurred on restoring the leasehold improvements on the properties leased by the Company to their original state.

## 18. Allotted and issued share capital

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
12,147 ordinary shares of £1	12	12
5,000 ordinary shares of £1	5	5
	<u>17</u>	<u>17</u>

## 19. 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 2019 the Company had the following transactions and balances with other subsidiaries of Publicis Groupe S.A. that are not 100% owned.

Related party	<u>Dividends received</u>		<u>Debtors</u>		<u>Creditors</u>	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Translate Plus Limited	-	632	-	-	-	-
BBH Sport Limited	-	-	-	-	(1,620)	-
Seven Seconds Limited	-	4,137	-	-	-	-
Sapient.i7 Limited	-	-	-	1,260	-	-

## Notes to the financial statements

for the year ended 31 December 2019

### 20. 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 in to account credit risk.

#### Categories of financial instruments held at fair value

	2019 £000	2018 £000
<b>Financial assets at fair value through profit and loss</b>		
Derivative instruments – Assets	-	423
Total	-	423
<b>Financial liabilities at fair value through profit and loss</b>		
Derivative instruments – Liabilities	-	(451)
Total	-	(451)

#### 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 charging/(crediting)

	2019 £000	2018 £000
<b>Financial assets at fair value through profit and loss</b>		
Derivative instruments – Assets	(39)	(2,181)
Total	(39)	(2,181)
<b>Financial liabilities at fair value through profit and loss</b>		
Derivative instruments – Liabilities	36	2,162
Total	36	2,162

### 21. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Publicis Groupe Holdings B.V., incorporated in the Netherlands.

The ultimate parent undertaking and controlling party and the parent undertaking of the largest and smallest group to include the Company in its consolidated 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.

## Notes to the financial statements

for the year ended 31 December 2019

### 22. Post balance sheet event

In December 2019, several cases of pneumonia associated with the coronavirus disease (COVID-19) were reported in Wuhan, China. The spread of the virus has caused business disruption beginning in January 2020 and the World Health Organization has declared this virus to be a public health emergency on 31 January 2020.

While the business disruption is currently expected to be temporary, there is uncertainty around the duration of these disruptions or the possibility of other effects on the business.

This outbreak has no impact on the financial statements as of 31 December 2019 and minimal impact on the evolution of the Publicis Groupe's shared services centre costs in 2021, thus their impact on the Company. Management has put in place all of the necessary measures to protect all its stakeholders' interests and to rigorously manage all costs, particularly during this period.