# Publicis Media UK Limited

## Annual Report and Financial Statements

for the year ended 31 December 2021

Registered Number: 05358138

## Directors

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

## 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 principal activity of Publicis Media UK Limited ("the Company") continues to be the engagement in media co-ordination, consultancy, media planning and buying on behalf of its immediate parent company within the UK.

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

| | 2021<br>£000 | 2020<br>£000 | Change<br>% |
|---|---|---|---|
| Revenue | 2,227 | 281 | 710% |
| Operating loss | (1,460) | (3,304) | (56%) |
| Loss after tax | (582) | (2,787) | (79%) |
| Shareholder's deficit | (6,339) | (5,757) | 10% |
| Current assets as a % of current liabilities | 81% | 78% | 3% |

The Company has had an increase in revenue by 710% in the year due to additional production projects starting globally.

Loss after tax has decreased by 56% due to a change to the global client recharge costs, which are now allocated directly to the individual Media brands.

Current assets as a percentage of current liabilities has increased by 3% due to an increase in receivables at the year end that cleared post year end.

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 market place 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.

  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.

# Strategic Report (continued)
**For the year ended 31 December 2021**

## Principal risks and uncertainties (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.

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

Sue Frogley

S Frogley
**Director**

22 September 2022

# Directors' Report
## for the year ended 31 December 2021

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

### Results and dividends

The Company recorded a loss after tax for the financial year of £582,000 (2020: £2,787,000). A dividend of £Nil (2020: £Nil) was declared and paid during the year.

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 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 date of signing the financial statements were:

| | |
|---|---|
| G P Boyle | |
| S Frogley | |
| A King | (appointed 24 June 2021) |
| A Sayliss | (resigned 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 financial 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.

### Going concern

The Company is reporting net liabilities in the current year and it has received written confirmation in the form of a letter of support from its immediate parent company, Zenith UK (Media) Limited that it will provide the necessary funds to enable it 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.

# Directors' Report (continued)
**for the year ended 31 December 2021**

## 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:

S Frogley
**Director**

22 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 UK Limited
**for the year ended 31 December 2021**

## Opinion

We have audited the financial statements of Publicis Media UK Limited (the 'company') for the year ended 31 December 2021 which comprises the statement of comprehensive income, balance sheet, 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, 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 loss 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.

# Independent auditor's report to the members of Publicis Media UK Limited (continued)
**for the year ended 31 December 2021**

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 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 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 Publicis Media UK Limited (continued)
**for the year ended 31 December 2021**

## 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 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, 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 laws and regulations, and in identifying and assessing the risks of material misstatement in respect of 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 revenue recognition.

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 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.

## Independent auditor's report to the members of Publicis Media UK Limited (continued)
**for the year ended 31 December 2021**

### Use of the audit 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 23, 2022 11:59 GMT+1)

David Herbinet (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Address
30 Old Bailey
London
EC4M 7AU

Date Sep 23, 2022

# Statement of Comprehensive Income
**for the year ended 31 December 2021**

| | Notes | 2021 £000 | 2020 £000 |
|---|---|---|---|
| ***Revenue*** | 3 | 2,277 | 281 |
| Administrative expenses | | (3,737) | (3,585) |
| ***Operating loss*** | 4 | (1,460) | (3,304) |
| Interest receivable and similar income | 8 | - | 1 |
| Interest payable and similar charges | 9 | (38) | (64) |
| ***Loss on ordinary activities before taxation*** | | (1,498) | (3,367) |
| Tax | 10 | 916 | 580 |
| ***Loss for the financial year*** | | (582) | (2,787) |
| Other comprehensive income | | - | - |
| ***Total comprehensive loss for the year*** | | (582) | (2,787) |

The Company's revenue and operating loss all relate to continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

# Balance Sheet
**at 31 December 2021**

| | Notes | 2021 £000 | 2020 £000 |
|---|---|---|---|
| ***Non-current assets*** | | | |
| Property, plant and equipment | 11 | - | - |
| Intangible assets | 12 | 430 | 1,321 |
| | | 430 | 1,321 |
| ***Current assets*** | | | |
| Work in progress | | 163 | 34 |
| Trade and other receivables | 13 | 25,358 | 21,560 |
| Derivatives | 17 | 33 | 12 |
| Corporation tax | 10 | - | 782 |
| | | 25,554 | 22,388 |
| ***Current liabilities*** | | | |
| Trade and other payables | 14 | (31,464) | (28,566) |
| Derivatives | 17 | (20) | (9) |
| Corporation tax | | (173) | - |
| | | (31,657) | (28,575) |
| ***Net current liabilities*** | | (6,103) | (6,187) |
| ***Total assets less current liabilities*** | | (5,673) | (4,866) |
| ***Non-current liabilities*** | | | |
| Trade and other payables | 15 | (665) | (665) |
| Deferred tax | 10 | (1) | (226) |
| **Net liabilities** | | (6,339) | (5,757) |
| ***Capital and reserves*** | | | |
| Called up share capital | 16 | - | - |
| Retained earnings | | (6,339) | (5,757) |
| **Total equity** | | (6,339) | (5,757) |

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

Sue Frogley

S Frogley
**Director**

22 September 2022

The notes on pages 14 to 26 form part of these financial statements.

# Statement of Changes in Equity
**for the year ended 31 December 2021**

| | Called up share capital £000 | Retained earnings £000 | Total equity £000 |
|---|---|---|---|
| **At 1 January 2020** | - | (2,970) | (2,970) |
| Loss for the financial year | - | (2,787) | (2,787) |
| Other comprehensive income | - | - | - |
| **Total comprehensive activity for the year** | - | (2,787) | (2,787) |
| **At 31 December 2020** | - | (5,757) | (5,757) |
| Loss for the financial year | - | (582) | (582) |
| Other comprehensive income | - | - | - |
| **Total comprehensive activity for the year** | - | (582) | (582) |
| **At 31 December 2021** | - | (6,339) | (6,339) |

The notes on pages 14 to 26 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

***Statement of compliance***

Publicis Media UK 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 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. The Company's functional and presentational currency is Pound Sterling.

***Going concern***

The Company is reporting net liabilities in the current year and it has received written confirmation in the form of a letter of support from its immediate parent company, Zenith UK (Media) Limited that it will provide the necessary funds to enable it 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 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'.

(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;

# 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 (continued)***

(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 the requirements 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 (xii), the equivalent disclosures are included in the consolidated financial statements of the group, Publicis Groupe S.A. which the Company is consolidated into.

### Changes in accounting policies

***New and amended standards and interpretations adopted***

The following standards and interpretations have been adopted in the financial statements 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.

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

## 1. Accounting policies (continued)

### 1.2. Accounting principles

### Revenue recognition

The Company's revenue stems from contracts with clients to provide direct and digital marketing, CRM (Customer Relationship Management), sales promotion and point of sales marketing, public relations, event management, institutional and financial communication, strategic media planning and media buying as well as digital business transformation consulting.

Revenue recognised from contracts with clients comprises fees, commission, performance-based bonuses, and reimbursement of third-party costs incurred on behalf of clients and is stated exclusive of VAT, sales taxes and trade discounts. Fees are usually calculated on the basis of an hourly rate plus overheads and a margin. Commission-based contracts are calculated on the basis of a percentage of the total sum of costs paid to third parties to carry out the contract. Commission-based contracts mainly relate to media space bought on behalf of the clients and supervision of production carried out by third parties. Contracts are short-term in nature, generally under one year, and the Company typically has right to payment to the end of the contract or as a minimum for the work performed to date.

***Performance obligations***

Revenue is recognised when a performance obligation is satisfied in accordance with the terms of the contractual arrangement. Generally, the promised services in a contract are not considered distinct and are accounted for as a single performance obligation. The promised services are only distinct if the client can benefit from the services on its own and if the Company's promise to transfer these services is separately identifiable from other promises in the contract. As such, these services are recognised as separate performance obligations.

In media services, the transaction price generally covers strategic media planning services as well as media buying. In these contracts, we consider that these two groups of services are separate performance obligations. The transaction price is allocated to each performance obligation based on the actual input and cost of employees assigned have spent fulfilling each service.

***Variable considerations of the transaction price***

Some contracts include incentives that are subject to qualitative or quantitative performance criteria. These variable components are only included in the transaction price when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Performance-based incentives are typically only recognised when the performance criteria specified in the contract have been met and the client has confirmed its agreement.

The Company also receives volume rebates from suppliers on transactions carried out on behalf of clients. These rebates are either remitted to clients based on contractual terms or local laws, or retained by the Company. The portion paid back to clients is recognised under liabilities and the portion retained is typically recognised under revenue when the media is broadcast, if a contract exists with the media vendor and we anticipate exceeding volume criteria.

***Revenue recognition***

Almost all the Company's revenue is recognised over time because the client simultaneously receives and consumes the benefit of the services or an asset is generated with no alternative use and for which the Company is entitled to payment for the work done to date.

For the majority of fee arrangements, revenue is recognised over time based on internal measurement which best describes the level of effort spent on the project, usually calculated using an input method on the basis of hours worked and direct external costs incurred on the project to date. For retainer arrangements with a dedicated team, the Company considers that its performance obligation is to be ready at all times to make resources available to the client. In this instance, revenue is recognised on a straight-line basis over the term of the contract.

For commission based media contracts revenue is recognised at a point in time when the media is broadcast.

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

## 1. Accounting policies (continued)

### 1.2. Accounting principles (continued)

### Revenue recognition (continued)

***"Agent" vs. "Principal" Considerations***

When third party suppliers are involved in providing services to clients, the Company considers that it is acting as "Principal" if at least one of the following criteria is satisfied:

- The Company obtains control of the asset or service before transferring it to the client;
- The Company has the ability to direct the supplier(s);
- The Company incorporates or combines the work of suppliers to deliver the promised goods or services to the client.

When the Company acts as "Principal", the revenue is recognised for the gross amount invoiced to the client. When the Company acts as "Agent", revenue is recognised net of the pass through costs to clients, which means that revenue recorded is solely comprised of fees or commission. In any case, out of pocket expenses reimbursed by clients (transport, hotels, meals, etc.) are always recognised in revenue.

***Contract modifications***

On occasion, the client may ask for changes to the scope of the services in the course of the contract. These changes are generally negotiated as new contracts encompassing the additional needs with the related compensation.

### 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.

### 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 profit and loss account using the effective interest method.

### 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.

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

## 1. Accounting policies (continued)

### 1.2. Accounting principles (continued)

### 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:

| | | |
|---|---|---|
| Office equipment and furniture | – | 5-10 years |
| 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.

### Intangible assets

Capitalised softwares include in-house applications as well as commercial packages. They are measured either at their acquisition cost (if purchased externally) or at their production cost (if developed internally). They are amortised over their useful life between 3 to 8 years.

Other intangible assets that are recorded in the Balance Sheet are not amortised but instead subject to impairment tests on at least an annual basis. 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 Company 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.

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

## 1. Accounting policies (continued)

### 1.2. Accounting principles (continued)

### Work in progress

This mainly includes work in progress linked to the advertising business, i.e. the technical work involved in the creation and production of advertisements for print, TV, radio, publishing, etc. for which the client is ultimately liable but has not yet been invoiced. They are recognised on the basis of costs incurred and a provision is recorded when their net realisable amount is lower than cost. Un-billable work or costs incurred relating to new client development activities are not recognised as assets, except for tendering expenses which may be re-invoiced to the client under the terms of the contract. In order to assess the net realisable amount work in progress is reviewed on a case-by-case basis and written down, if appropriate, on the basis of criteria such as the existence of commercial disputes with the client.

### 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.

### Contract assets

Contract assets consist of revenue recorded when a performance obligation has been satisfied but not yet invoiced. Contract assets are transferred to Trade receivables when the right to consideration becomes unconditional and the service is invoiced to the client in accordance with the terms of the contract.

### 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.

### 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 including those related to media buying where the Company acts as agent. These payables are generally due within less than one year. Financial liabilities are measured at amortised cost using the effective interest method.

### Contract liabilities

Contract liabilities correspond to deferred income. These are considerations received or invoiced to clients for which the Company has an obligation to provide goods or services.

Contract liabilities do not include client advances for external costs incurred on behalf of clients and that are directly pass-through to the clients when the Company acts as "Agent". Such advances are recorded under Trade payables.

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

## 1. Accounting policies (continued)

### 1.2. Accounting principles (continued)

### 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 16.

### Equity and reserves

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

Retained earnings include all current and prior period retained profits.

## 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.

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:

- revenue recognition on client projects;

Detailed disclosures concerning these matters are provided in Note 1.2

## 3. Revenue

The activities of the Company during the year were principally related to the provision of media services. The members believe that such activities comprise a unified class of business which cannot be further analysed into segments.

An analysis of revenue by geographical market is given below:

| | 2021<br>£000 | 2020<br>£000 |
|---|---|---|
| United Kingdom | 1,339 | 281 |
| Europe | 840 | - |
| USA | 64 | - |
| Asia | 32 | - |
| Rest of the world | 2 | - |
| | 2,277 | 281 |

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

## 4. Operating loss

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

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Loss on transactions denominated in foreign currency | 63 | 89 |
| Depreciation of property, plant and equipment (see note 11) | - | 51 |
| Amortisation of intangibles (see note 12) | 891 | 892 |
| Auditor's remuneration (see note 5) | 9 | 9 |

## 5. Auditor's remuneration

The remuneration of the auditor is further analysed as follows:

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Audit of the financial statements | 9 | 9 |

## 6. Staff costs

There were no employees other than the directors during the year.

## 7. Directors' emoluments

No directors of Publicis Media UK Limited are paid out of Publicis Media UK Limited (2020: nil). 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 due to the immaterial nature of the services provided to the Company.

## 8. Interest receivable and similar income

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Intercompany interest receivable | - | 1 |

## 9. Interest payable and similar charges

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Intercompany interest payable | 38 | 64 |

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

## 10. Taxation

### (a) Analysis of charge for year

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Current tax: | | |
| Corporation tax | (281) | (741) |
| Adjustment in respect of previous periods | (410) | 44 |
| Total current tax | (691) | (697) |
| Deferred tax: | | |
| Origination and reversal of timing differences | - | 103 |
| Prior year adjustment | (225) | 14 |
| Total deferred tax | (225) | 117 |
| Tax on loss on ordinary activities (see note 10(b)) | (916) | (580) |

### (b) Factors affecting tax charge for the year

The tax assessed on the 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 |
|---|---|---|
| Loss on ordinary activities before tax | (1,498) | (3,367) |
| Loss on ordinary activities multiplied by standard rate Corporation tax in the UK of 19.00% (2020: 19.00%) | (285) | (640) |
| Expenses not deductible for tax purposes | 4 | 2 |
| Adjustment in respect of previous periods | (635) | 58 |
| Total tax (see note 10(a)) | (916) | (580) |

### (c) Deferred taxation

| | Accelerated tax depreciation £000 | Total £000 |
|---|---|---|
| As at January 2020 | (109) | (109) |
| Credit to profit or loss | (103) | (103) |
| Deferred tax in respect of prior year | (14) | (14) |
| As at December 2020 | (226) | (226) |
| Deferred tax in respect of prior year | 225 | 225 |
| As at December 2021 | (1) | (1) |

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

## 10. Taxation (continued)

**(c) Deferred taxation (continued)**

Analysis of deferred tax balances for financial reporting purposes:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Deferred tax liabilities | (1) | (226) |

**(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.

## 11. Property, plant and equipment

| | Computer equipment £000 | Furniture and equipment £000 | Total £000 |
|---|---|---|---|
| **Cost:** | | | |
| At 1 January 2021 | 4 | 3 | 7 |
| At 31 December 2021 | 4 | 3 | 7 |
| **Depreciation:** | | | |
| At 1 January 2021 | 4 | 3 | 7 |
| At 31 December 2021 | 4 | 3 | 7 |
| **Net book value:** | | | |
| At 31 December 2021 | - | - | - |
| At 31 December 2020 | - | - | - |

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

## 12. Intangible assets

| | Software £000 | Total £000 |
|---|---|---|
| **Cost:** | | |
| At 1 January 2021 | 2,740 | 2,740 |
| At 31 December 2021 | 2,740 | 2,740 |
| **Amortisation:** | | |
| At 1 January 2021 | 1,419 | 1,419 |
| Charge for the year | 891 | 891 |
| At 31 December 2021 | 2,310 | 2,310 |
| **Net book value:** | | |
| At 31 December 2021 | 430 | 430 |
| At 31 December 2020 | 1,321 | 1,321 |

## 13. Trade and other receivables

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Trade receivables | 20,725 | 18,984 |
| Amounts owed by group undertakings | 1,841 | 1,476 |
| Prepayments and accrued income | 2,792 | 1,100 |
| | 25,358 | 21,560 |

## 14. Trade and other payables - current

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Trade payables | 3,403 | 2,087 |
| Amounts owed to group undertakings | 13,547 | 15,246 |
| Other taxation and social security costs | 911 | 2,461 |
| Accruals and deferred income | 13,589 | 8,761 |
| Other payables | 14 | 11 |
| | 31,464 | 28,566 |

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

## 15. Trade and other payables – Non current

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| **Redeemable preference shares:** | | |
| *Allotted, called up and fully paid* | | |
| 665,000 redeemable ordinary shares of £1 each | 665 | 665 |

Each redeemable preference share is convertible at the option of the Company or the holder at any time with one month's notice.

The redeemable non-equity shares rank equally with the ordinary shares on a winding-up of the Company.

## 16. Allotted and issued share capital

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| ***Allotted, called up and fully paid*** | | |
| 10,000 ordinary shares of £0.01 each | 100 | 100 |

## 17. 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**

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| **Financial assets at fair value through profit and loss** | | |
| Derivative instruments – Assets | 33 | 12 |
| Total | 33 | 12 |
| **Financial liabilities at fair value through profit and loss** | | |
| Derivative instruments – Liabilities | 20 | 9 |
| Total | 20 | 9 |

**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.

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

## 17. Financial instruments (continued)

**Changes in the value of financial instruments at fair value**

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

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Financial assets at fair value through profit and loss** | | |
| Derivative instruments – Assets | 3 | 6 |
| | 3 | 6 |
| **Financial liabilities at fair value through profit and loss** | | |
| Derivative instruments – Liabilities | 4 | 6 |
| | 4 | 6 |

## 18. 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 | |
|---|---|---|---|---|---|---|---|---|
| **Related Party** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Beacon Communications KK (Japan) | - | (112) | 49 | - | - | - | 418 | - |

## 19. Ultimate parent undertaking and controlling party

The Company is 100% owned by Zenith UK (Media) Limited which is registered 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.

## 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.