

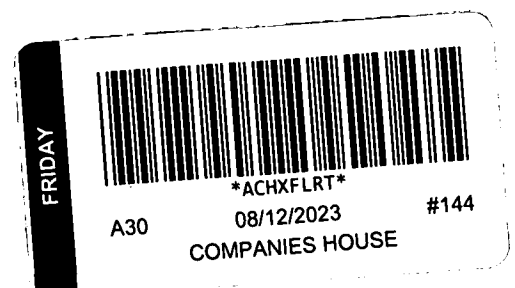
---

# **Publicis Media UK Limited**

## **Annual Report and Financial Statements**

for the year ended 31 December 2022

Registered Number: 05358138



## Contents

	Page
Directors and Other Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 - 10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 29

## **Directors and Other Information**

### **Directors**

C Frijns  
D Ikiler  
S Frogley

### **Secretary**

P Muwanga

### **Registered office**

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

### **Auditor**

Mazars LLP  
30 Old Bailey  
London  
EC4M 7AU

## Strategic Report

for the year ended 31 December 2022

### 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 Zenith UK (Media) Limited.

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

	2022 £'000	Restated 2021 £'000	Change %
Revenue	5,696	2,277	150%
Operating loss	(1,580)	(1,459)	8%
Loss after tax	(1,380)	(581)	138%
Capital and reserves	(8,008)	(6,628)	21%
Current assets as a % of current liabilities	91%	81%	10%

Revenue has increased by 150% due to an increase in billings as a result of increased demand from clients for the Company's services.

Loss after tax has increased by 8% as a result of increased investments in the business to support the growth in revenue.

Capital and reserves have increased by 21% due to the loss after tax generated in the year.

Current assets as a percentage of current liabilities has increased by 21% primarily due to an increase in trade receivables owed by clients as a result of increased activity.

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

### Principal risks and uncertainties

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

#### *Competitive risks*

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

#### *Financial instrument risks*

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

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

## Strategic Report (continued)

for the year ended 31 December 2022

### Principal risks and uncertainties (continued)

#### *Financial instrument risks (continued)*

- *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.

- *Exposure to foreign exchange risk*

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

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

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

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

SC Frogley  
SC Frogley (Dec 5, 2023 08:59 GMT)

S Frogley  
Director

05-Dec-2023

## **Directors' Report**

### **for the year ended 31 December 2022**

The directors present their report and the audited financial statements of Publicis Media UK Limited ("the Company") for the year ended 31 December 2022.

#### **Results and dividends**

The Company recorded a loss after tax for the year of £1,380,000 (2021: £581,000). No dividends were declared nor paid during the year (2021: £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 do not foresee any material changes to the nature of the business in the foreseeable future.

#### **Directors**

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

A King	(resigned 5 April 2023)
C Frijns	(appointed 9 August 2023)
D Ikiler	(appointed 11 April 2023)
G Boyle	(resigned 9 August 2023)
S Frogley	

#### **Directors' indemnity**

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

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

There have been no significant events affecting the Company since the year end.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employees' engagement**

The Company places considerable value on its engagement with employees and has continued its previous practice of keeping them informed on matters affecting them as employees and in various factors

## **Directors' Report (continued)**

**for the year ended 31 December 2022**

### **Employees' engagement (continued)**

affecting the performance of the Company through electronic communication. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

### **Going concern**

At 31 December 2022, the Company has net current liabilities of £7,364,000 (2021 (restated): £6,392,000) and has received written confirmation in the form of a letter of support from an intermediate parent company, MMS UK Holdings Limited that it will provide the necessary funds to enable the Company to meet its liabilities as they fall due, for a period of at least twelve months from the date of approval of these financial statements.

The directors have prepared detailed budgets and financial forecasts taking into account expected future trading performance and the support level received. Having assessed the position of the immediate parent company, the directors have a reasonable expectation that the Company has reasonable resources and support to continue in operational existence for the foreseeable future, being a period of at least twelve months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Disclosure of information to the auditor**

The directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

SC Frogley  
SC Frogley (Dec 5, 2023 08:59 GMT)

S Frogley  
Director

05-Dec-2023

## **Statement of Directors' Responsibilities**

### **for the year ended 31 December 2022**

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 2022**

### **Opinion**

We have audited the financial statements of Publicis Media UK Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information

## **Independent Auditor's Report to the members of Publicis Media UK Limited (continued)**

**for the year ended 31 December 2022**

### **Other information (continued)**

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 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 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 2022**

### **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: UK tax legislation, employment regulation, health and safety regulation and anti-money laundering regulation.

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

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

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and 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.

## Independent Auditor's Report to the members of Publicis Media UK Limited (continued)

for the year ended 31 December 2022

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

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

### Use of our report

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

*Sanjay Ranchhoojee*

Sanjay Ranchhoojee (Dec 6, 2023 13:40 GMT)

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

06 December 2023

## Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue	3	5,696	2,277
Administrative expenses		(7,276)	(3,736)
<b>Operating loss</b>	4	(1,580)	(1,459)
Interest receivable and similar income	7	20	-
Interest payable and similar charges	8	(136)	(38)
<b>Loss before taxation</b>		(1,696)	(1,497)
Taxation	9	316	916
<b>Loss after taxation</b>		(1,380)	(581)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		(1,380)	(581)

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

The notes on pages 14 to 29 form part of these financial statements.

**Balance Sheet**

At 31 December 2022

	Notes	2022 £'000	Restated 2021 £'000
<b>Non-current assets</b>			
Intangible assets	10	21	430
Property, plant and equipment	11	-	-
		<u>21</u>	<u>430</u>
<b>Current assets</b>			
Work in progress		-	163
Trade and other receivables	12	76,241	26,667
Derivative assets	17	171	33
		<u>76,412</u>	<u>26,863</u>
<b>Current liabilities</b>			
Trade and other payables	13	(83,494)	(33,235)
Derivative liabilities	17	(282)	(20)
		<u>(83,776)</u>	<u>(33,255)</u>
<b>Net current liabilities</b>		<u>(7,364)</u>	<u>(6,392)</u>
<b>Total assets less current liabilities</b>		<u>(7,343)</u>	<u>(5,962)</u>
<b>Non-current liabilities</b>			
Trade and other payables	14	(665)	(665)
Deferred tax	10	-	(1)
		<u>(665)</u>	<u>(666)</u>
<b>Net liabilities</b>		<u>(8,008)</u>	<u>(6,628)</u>
<b>Capital and reserves</b>			
Share capital	15	-	-
Retained earnings	16	(8,008)	(6,628)
<b>Total equity</b>		<u>(8,008)</u>	<u>(6,628)</u>

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

SC Frogley  
SC Frogley (Dec 5, 2023 08:59 GMT)

S Frogley  
Director

05-Dec-2023

The notes on pages 14 to 29 form part of these financial statements.

## Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2021</b>	-	(5,757)	(5,757)
Prior year adjustment	-	(290)	(290)
<b>At 1 January 2021 (restated)</b>	-	(6,047)	(6,047)
Profit for the year	-	(581)	(581)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	-	(581)	(581)
<b>At 31 December 2021 (restated)</b>	-	(6,828)	(6,828)
Loss for the year	-	(1,380)	(1,380)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	-	(1,380)	(1,380)
<b>At 31 December 2022</b>	-	(8,008)	(8,008)

The notes on pages 14 to 29 form part of these financial statements.

## Notes to the financial statements

for the year ended 31 December 2022

### 1. Accounting policies

#### 1.1. Basis of preparation

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.

#### 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

At 31 December 2022, the Company has net current liabilities of £7,364,000 (2021 (restated): £6,392,000) and has received written confirmation in the form of a letter of support from an intermediate parent company, MMS UK Holdings Limited that it will provide the necessary funds to enable the Company to meet its liabilities as they fall due, for a period of at least twelve months from the date of approval of these financial statements.

The directors have prepared detailed budgets and financial forecasts taking into account expected future trading performance and the support level received. Having assessed the position of the immediate parent company, the directors have a reasonable expectation that the Company has reasonable resources and support to continue in operational existence for the foreseeable future, being a period of at least twelve months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.



## Notes to the financial statements

### for the year ended 31 December 2022

#### 1. Accounting policies (continued)

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

###### Disclosure exemptions applied

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

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

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

## Notes to the financial statements

### for the year ended 31 December 2022

#### 1. Accounting policies (continued)

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

###### Changes in accounting policies

###### New and amended standards and interpretations adopted

The following standards and interpretations have been adopted by the Company as they are mandatory for the year ended 31 December 2022:

	<b>UK effective date Periods beginning on or after</b>
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use (Issued May 2020)	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022

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

##### 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

## Notes to the financial statements

### for the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### 1.2. Accounting principles (continued)

###### Revenue recognition (continued)

###### *Performance obligations (continued)*

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.

###### *"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.

## Notes to the financial statements

for the year ended 31 December 2022

### 1. Accounting policies (continued)

#### 1.2. Accounting principles (continued)

##### Revenue recognition (continued)

##### *"Agent" vs. "Principal" Considerations (continued)*

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.

##### Foreign currency transactions

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 are translated at the exchange rate applicable at the reporting date. All differences arising are recognised in the Statement of Comprehensive Income. 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.

##### Interest income and expense

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

##### Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to an item of income or expense recognised as other comprehensive income or to an item directly recognised in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the Balance Sheet date except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

## Notes to the financial statements

for the year ended 31 December 2022

### 1. Accounting policies (continued)

#### 1.2. Accounting principles (continued)

##### Income tax (continued)

- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

##### Intangible assets

###### *Other intangible assets*

Other intangible fixed assets are initially recognised at cost less accumulated amortisation and any provision for impairment. Other intangible assets acquired in the context of a business combination are capitalised separately from goodwill if their fair value can be measured reliably on initial recognition and it is probable that future economic benefits attributable to the asset will flow to the Company.

At each reporting date, the Company assesses whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is determined which is the higher of fair value less costs to sell and value in use. Any impairment is recognised immediately in the Statement of Comprehensive Income.

Amortisation is provided at rates calculated to write off the cost of assets on a straight-line basis over its estimated useful life, as follows:

Software	- 4 years
----------	-----------

##### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Cost comprises the purchase price and 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 the estimated present value future costs of dismantling and removing the items.

Depreciation is provided at rates calculated to write off the cost of assets on a straight-line basis over its estimated useful life, as follows:

Computer equipment	- 4 years
Furniture and equipment	- 5 to 10 years

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

## Notes to the financial statements

### for the year ended 31 December 2022

#### 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 includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities 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. 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.

## Notes to the financial statements

### for the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### 1.2. Accounting principles (continued)

###### **Contract liabilities (continued)**

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.

###### **Financial liabilities carried at fair value**

###### ***Derivative financial instruments, including hedge accounting***

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

On initial designation of the hedge, the Company 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 Company 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, and whether the actual results of each hedge are within a range of 80-125 percent.

Derivatives are recognised initially at fair value determined either by reference to observable market prices at the reporting date or by the use of valuation models based on market parameters at the reporting date. Attributable transaction costs are recognised in the Statement of Comprehensive Income as incurred. Subsequently, derivatives are measured at fair value with any gain or loss resulting from changes in their value being recognised in the Statement of Comprehensive Income.

#### 2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires 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.

The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **Critical accounting judgement**

###### *Revenue recognition*

Revenue is recognised on the basis of the satisfaction of performance obligations and the stage of completion of projects ongoing at the year-end. Judgement is required to determine the satisfaction of performance obligations and the value and timing of recognition. Variable revenue is only recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur. Revenue from projects ongoing at the year-end is recognised on an internal measurement which best describes the level of effort spent on the project, usually calculated using an

## Notes to the financial statements

for the year ended 31 December 2022

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

#### Critical accounting judgement (continued)

##### *Revenue recognition (continued)*

input method on the basis of hours worked and direct external costs incurred on the project to date. Due to the subjective nature of these judgements, changes could materially affect the timing and extent of revenue and contract assets recognised in these financial statements.

### 3. Revenue

The activities of the Company during the year were principally related to the provision of media services. The directors 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:

	2022 £'000	2021 £'000
United Kingdom	3,568	1,339
Europe	1,741	840
USA	194	64
Asia	143	32
Rest of the world	50	2
	<u>5,696</u>	<u>2,277</u>

### 4. Operating loss

The operating loss is stated after charging:

	2022 £'000	2021 £'000
Loss on transactions denominated in foreign currency	260	63
Amortisation of intangible assets (see Note 10)	409	891
Auditor's remuneration	10	9
	<u></u>	<u></u>

### 5. Employees

The Company does not have any employees (2021: None).

### 6. Directors' remuneration

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



## Notes to the financial statements

for the year ended 31 December 2022

### 7. Interest receivable and similar income

	2022 £'000	2021 £'000
Intercompany interest receivable	20	-

### 8. Interest payable and similar charges

	2022 £'000	2021 £'000
Intercompany interest payable	136	38

### 9. Taxation

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

	2022 £'000	2021 £'000
<b>Current tax</b>		
Corporation tax	(315)	(281)
Adjustment in respect of previous periods	-	(410)
Total current tax	(315)	(691)
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1)	-
Adjustment in respect of previous periods	-	(225)
Total deferred tax (see Note 9(c))	(1)	(225)
Tax on loss on ordinary activities (see Note 9(b))	(316)	(916)

#### (b) Factors affecting tax credit 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% (2021: 19.00%). The differences are reconciled below:

	2022 £'000	2021 £'000
Loss on ordinary activities before taxation	(1,696)	(1,497)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(322)	(284)
Expenses not deductible for tax purposes	6	3
Adjustment in respect of previous periods	-	(635)
Total tax credit (see Note 9(a))	(316)	(916)

## Notes to the financial statements

for the year ended 31 December 2022

### 9. Taxation (continued)

#### (c) Deferred taxation

	Other temporary differences £'000	Total £'000
At 1 January 2021	(226)	(226)
Deferred tax in respect of prior year	225	225
At 31 December 2021	(1)	(1)
Credit to profit and loss	1	1
At 31 December 2022	-	-

Analysis of deferred tax balance for financial reporting purposes:

	2022 £'000	2021 £'000
Deferred tax liabilities	-	(1)

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

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

### 10. Intangible assets

	Software £'000
<b>Cost</b>	
At 1 January and 31 December 2022	2,740
<b>Amortisation</b>	
At 1 January 2022	2,310
Charge for the year	409
At 31 December 2022	2,719
<b>Net book value</b>	
At 31 December 2022	21
At 31 December 2021	430

## Notes to the financial statements

for the year ended 31 December 2022

### 11. Property, plant and equipment

	Computer equipment £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	4	3	7
Disposals	(4)	(3)	(7)
At 31 December 2022	-	-	-
<b>Depreciation</b>			
At 1 January 2022	4	3	7
Disposals	(4)	(3)	(7)
At 31 December 2022	-	-	-
<b>Net book value</b>			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

### 12. Trade and other receivables

	2022 £'000	Restated 2021 £'000
Trade receivables	51,057	20,725
Amounts owed by group undertakings	913	3,150
Contract assets	24,204	2,792
Other receivables	67	-
	<u>76,241</u>	<u>26,667</u>

## Notes to the financial statements

for the year ended 31 December 2022

### 13. Trade and other payables: amounts falling due in less than one year

	2022 £'000	Restated 2021 £'000
Bank overdraft	355	-
Trade payables	59,546	18,134
Amounts owed to group undertakings	21,888	13,721
Other taxation and social security costs	548	911
Accruals	368	397
Contract liabilities	-	57
Payments on account	740	0
Other payables	49	15
	<u>83,494</u>	<u>33,235</u>

### 14. Trade and other payables: amounts falling due in more than one year

	2022 £'000	2021 £'000
<b><i>Redeemable preference shares</i></b>		
665,000 (2021: 665,000) ordinary shares of £1 each	<u>665</u>	<u>665</u>

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.

### 15. Share capital

	2022 £	2021 £
<b><i>Allotted, called up and fully paid</i></b>		
10,000 (2021: 10,000) ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

### 16. Reserves

#### Retained earnings

This reserve represents the cumulative profits and losses of the Company less amounts distributed to shareholders.

### 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 into account credit risk.

## Notes to the financial statements

for the year ended 31 December 2022

### 17. Financial instruments (continued)

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

	2022 £'000	2021 £'000
<b>Financial assets at fair value through profit and loss</b>		
Derivative instruments – Assets	171	33
<b>Financial liabilities at fair value through profit and loss</b>		
Derivative instruments – Liabilities	282	20

#### 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

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

	2022 £'000	2021 £'000
<b>Financial assets at fair value through profit and loss</b>		
Derivative instruments – Assets	38	3
<b>Financial liabilities at fair value through profit and loss</b>		
Derivative instruments – Liabilities	47	4

## Notes to the financial statements

### for the year ended 31 December 2022

#### 18. Related party transactions

The Company has taken advantage of the exemption under FRS 101 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 2022 the Company had the following transactions with other subsidiaries of Publicis Groupe S.A. that are not 100% owned.

	Payables		Receivables		Services		Billings	
	2022	2021	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BBK								
Communications	(434)	-	-	49	531	38	-	418
KK								

#### 19. Prior year restatement

A prior year restatement of the financial statements has been recognised due to:

- A number of differences have been noted on historical intercompany balances with a fellow group undertaking which were incorrectly excluded from the Company's financial statements. Therefore, adjustments have been processed to correctly present the Amounts owed by group undertakings and Amounts owed to group undertakings as at 1 January and 31 December 2021;
- An historical intercompany recharge had not been correctly released to the profit and loss during the year ended 31 December 2020 after the recharge had been settled during 2019. Therefore, an adjustment has been processed to correctly present accruals as at 31 December 2021 and 31 December 2020 and to correct retained earnings at 31 December 2021.
- A number of reclassification adjustments have been recognised in respect to Trade payables, Accruals and Contracts on liabilities at 31 December 2021 and Corporation tax and Amounts owed to group undertakings at 31 December 2021. These reclassifications aid comparability for readers of the financial statements and there is no impact on the reported profit after tax or net assets in the prior year.

	Previously reported £'000	Adjustment £'000	After restatement £'000
<b>Balance Sheet at 1 January 2021</b>			
Amounts owed by group undertakings	1,476	1,308	2,784
Accruals	(13,589)	(1,598)	(15,187)
Retained earnings	(5,757)	(290)	(6,047)
<b>Balance Sheet at 31 December 2021</b>			
Amounts owed by group undertakings	1,841	1,309	3,150
Corporation tax	(173)	173	-
Amounts owed to group undertakings	(3,403)	(14,731)	(18,134)
Other taxation and social security	(13,547)	(174)	(13,721)
Accruals	(13,587)	13,190	(397)
Contracts on liabilities	-	(57)	(57)
Retained earnings	(6,338)	(290)	(6,628)

## **Notes to the financial statements**

### **for the year ended 31 December 2022**

#### **20. Ultimate parent undertaking and controlling party**

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