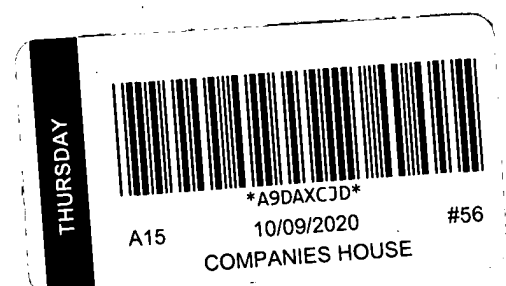


Translate Plus Limited

Annual Report and Financial Statements

31 December 2019

Registered Number: 06674541



Directors

J Billingsley	
P Dumouchel	
P U Sevrinsen	
V Weill	(appointed 26 July 2019)
R Timms	(resigned 1 February 2020)
J-F Valent	(resigned 29 July 2019)

Secretaries

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

Auditor

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

Registered office

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

Strategic report

Principal activity and review of the business

The principal activity of Translate Plus Limited (the “Company”) continues to be the provision of translation and related linguistic services to businesses.

The Company’s key financial and other performance indicators during the period were as follows:

	2019 £000	2018 £000	Change %
Revenue	11,149	12,266	(9%)
Operating profit	2,241	2,605	(14%)
Profit after tax	1,815	2,121	(14%)
Shareholder’s funds	4,972	4,748	5%
Current assets as a % of current liabilities	302%	265%	37%
Average number of employees	43	63	(32%)

Revenue has decreased by 9%. This is mainly as a result of revenue reduction of some larger key accounts who have had less language budget and the loss of smaller clients, as the focus has more and more been on servicing large and profit making key accounts. This has not been compensated by new business revenue during the year.

Profit after tax has decreased by 14% due to the reduction in revenue with a proportional decrease in operating costs.

Shareholder’s funds increased by 5% due to current year profits.

Current assets as a percentage of current liabilities has increased by 37% mainly due to movements in liabilities on contracts and short-term lease liabilities partially offset by dividends paid.

The total average number of employees in the United Kingdom has decreased by 32% compared to the prior period. Most of these positions have been moved to Translate Plus Bulgaria for cost reduction reasons.

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.

Strategic report (continued)

Principal risks and uncertainties (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. 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 significant and are mitigated through appropriate 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.

Uncertainties arising from COVID-19 and Brexit

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

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

On behalf of the board



P U Severinsen
Director

30 June 2020

Directors' report

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

Results and dividends

The Company recorded a profit after tax for the financial period of £1,815,000 (2018: £2,121,000 profit). A dividend of £1,591,000 was declared and paid during the period (2018: £741,000).

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

Directors' indemnity

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

Events after the balance sheet date

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

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

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

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

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' involvement

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and in various factors affecting the performance of the Company through regular internal communications including emails and internal announcements. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

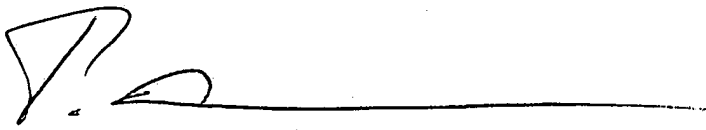
Directors' report (continued)

Going concern

The uncertainty as to the future impact on the Company of the recent COVID-19 outbreak in particular has been considered as part of the Company's adoption of the going concern basis of preparation. To date the full impact of the COVID-19 is un-known. However, the company has strong relationships with key existing clients and suppliers and despite of the circumstances it is securing new client contracts. With the financial resources available to the Company and strong control on the costs, it is well placed to manage its business risks successfully.

We have performed a number of downside scenarios to consider the potential impact of COVID-19 on the Company's forecasts and we are satisfied that in each of these scenarios the Company will still be able to meet its obligations as they fall due and that the going concern basis of preparation therefore remains appropriate.

On behalf of the board



P U Severinsen
Director

36 June 2020

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Translate Plus Limited

Opinion

We have audited the financial statements of Translate Plus Limited (the 'company') for the year ended 31 December 2019 which comprise, the Statement of total comprehensive income, the Balance sheet, the Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on pages 4 and 5, and the consideration in the going concern basis of preparation on page 13 and non-adjusting post balance sheet events on page 24.

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

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

Conclusions relating to going concern

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

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

Independent auditor's report to the members of Translate Plus Limited (continued)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the members of Translate Plus Limited (continued)

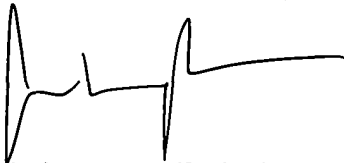
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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.



Claire Larquetoux (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House

St Katharine's Way

London E1W 1DD

30 June 2020

Statement of total comprehensive income

for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Revenue	2	11,149	12,266
Administrative expenses		(8,908)	(9,661)
Operating profit	3	2,241	2,605
Interest receivable and similar income	7	10	4
Interest payable and similar charges	8	(3)	(9)
Profit on ordinary activities before taxation		2,248	2,600
Tax	9	(433)	(479)
Profit for the financial period		1,815	2,121
Other comprehensive income		-	-
Total comprehensive income for the period		1,815	2,121

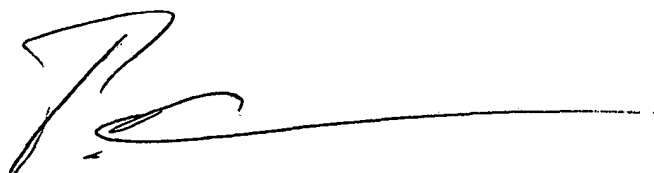
The Company's revenue and operating profit all relate to continuing operations.

Balance sheet

at 31 December 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Right-of-use assets related to leases	10	95	391
Property, plant and equipment	11	27	58
		<u>122</u>	<u>449</u>
Current assets			
Assets on contracts		608	963
Trade and other receivables	12	1,771	2,091
Cash and cash equivalents		4,876	3,965
		<u>7,255</u>	<u>7,019</u>
Current liabilities			
Liabilities on contracts		(81)	(629)
Short-term lease liabilities	10	(88)	(321)
Trade and other payables	13	(1,294)	(1,188)
Corporation tax		(942)	(509)
		<u>(2,405)</u>	<u>(2,647)</u>
Net current assets		<u>4,850</u>	<u>4,372</u>
Total assets less current liabilities		<u>4,972</u>	<u>4,821</u>
Non-current liabilities			
Long-term lease liabilities	10	-	(73)
		-	(73)
Net assets		<u>4,972</u>	<u>4,748</u>
Capital and reserves			
Called-up share capital	14	51	51
Share premium		10	10
Retained earnings		4,911	4,687
Total equity		<u>4,972</u>	<u>4,748</u>

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



P U Severinsen
Director

30 June 2020

Statement of changes in equity

for the year ended 31 December 2019

	Notes	Called up share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 January 2018		51	10	3,307	3,368
Profit for the financial period		-	-	2,121	2,121
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	2,121	2,121
Equity dividends paid	10	-	-	(741)	(741)
At 31 December 2018		51	10	4,687	4,748
Profit for the financial period		-	-	1,815	1,815
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	1,815	1,815
Equity dividends paid	10	-	-	(1,591)	(1,591)
At 31 December 2019		51	10	4,911	4,972

Notes to the financial statements

for the year ended 31 December 2019

1. Accounting policies

1.1. Basis of preparation

Translate Plus Limited is a private Company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

Going concern

The Company has access to considerable financial resources together with long standing relationships with key clients and suppliers. The Company's business activities, together with the factors likely to affect its future development and financial position, including the impact of COVID-19, are set out in the Strategic and Directors' Report.

As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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;
- (vii) The requirements of IAS 1 'Presentation of Financial Statements' paragraphs 38A to 40D relating to disclosures of comparative information;

Notes to the financial statements

for the year ended 31 December 2019

1. Accounting policies (continued)

1.1. Basis of preparation (continued)

Disclosure exemptions applied (continued)

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

Use of estimates and judgments

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

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

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

- revenue recognition on client projects;

Detailed disclosures concerning these matters are provided in Note 1.2.

1.2. Accounting principles

Revenue recognition

The Company recognises revenue as control of the promised linguistic services (identified as performance obligations) are transferred to the customer, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Where the contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable they are estimated based on the number of words that require translation or industry standard assumptions are used to determine the time linguists spent on the project.

The Company receives compensation from customers in the form of fees and reimbursement of third-party costs incurred on behalf of customers. Fees are usually calculated on the basis of the number of words that require translation or industry standard assumptions are used to determine the time linguists would spend on the project. Contracts are typically short-term, generally under one year, and the Company typically has an enforceable right to payment for performance completed to date.

Notes to the financial statements

for the year ended 31 December 2018

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Revenue recognition (continued)

In the majority of cases, the revenue recognition is not the same as the amounts invoiced to customers, in these circumstances either a contract asset or contract liability is recognised for the difference between the cumulative revenue recognised and the cumulative amounts invoiced for the contract.

Performance obligations

Separate performance obligations are identified at the beginning of a project when a job is procured by a customer, and details of the performance obligations are set out in the cost estimates or contracts. There can be a number of distinct services that are required under a single contract, such as where a project requires translation into different target languages. In this case, each target language translation would generally be considered a separate performance obligation as they can be sold separately and clients can benefit from them separately.

Almost all of 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 performance completed to date.

"Agent" vs. "Principal" Considerations:

When third party suppliers are involved in providing services to customers, 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 customer;
- The Company has the ability to direct the supplier(s); or
- The Company incorporates or combines the work of suppliers to deliver the promised services to the customer.

When the Company acts as "Principal", the revenue recognised is based on the gross consideration to which the Company expects to be entitled in exchange for the services. When the Company acts as an "Agent", revenue is recognised net of the pass through costs to customers. In any case, out of pocket expenses reimbursed by customers (transport, hotels, meals, etc.) are always recognised in revenue.

Contract modifications:

On occasion, the customer may ask for modifications 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 total 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.

Notes to the financial statements

for the year ended 31 December 2019

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Income tax

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

Leases

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

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

Pensions

The Company operates a defined contributions scheme. Contributions to the scheme are recognised in the Statement of total comprehensive income in the period in which they become payable.

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:

Fixtures and fittings	– 10 years
Office equipment	– 5 to 10 years

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

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

Notes to the financial statements

for the year ended 31 December 2019

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Interest income and expense

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

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 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.

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.

Liabilities on contracts

Liabilities on contracts correspond to deferred income. These are considerations received or invoiced to clients for which the Group 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 Group acts as "Agent". Such advances are recorded under Trade payables.

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.

Share premium represents the difference between the issue price and the nominal value of the shares issued.

Notes to the financial statements

for the year ended 31 December 2019

2. Revenue

The activities of the Company during the year were principally related to the provision of translation and related linguistic services to businesses. 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:

	2019 £000	2018 £000
United Kingdom	2,941	2,695
Europe	6,882	8,821
USA	742	450
Asia	277	58
Rest of the World	307	242
	<u>11,149</u>	<u>12,266</u>

3. Operating profit

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

	2019 £000	2018 £000
Loss on transactions denominated in foreign currency	38	87
Depreciation of right-use assets (see note 10)	296	301
Depreciation of property, plant and equipment (see note 11)	31	88
Staff costs (see note 5)	1,554	2,140
Auditor's remuneration (see note 4)	<u>14</u>	<u>15</u>

4. Auditor's remuneration

The remuneration of the auditor is further analysed as follows:

	2019 £000	2018 £000
Audit of the financial statements – Company	<u>17</u>	<u>15</u>

Notes to the financial statements

for the year ended 31 December 2019

5. Staff costs

	2019	2018
	£000	£000
Wages and salaries	1,380	1,918
Social security costs	147	196
Defined contribution pension scheme costs	27	26
	<u>1,554</u>	<u>2,140</u>

Included in total staff costs is £152,000 (2018: £178,000) in respect of directors' remuneration (see note 6).

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

	2019	2018
	No.	No.
Administration staff	34	53
Advertising staff	9	10
	<u>43</u>	<u>63</u>

6. Directors' emoluments

The directors' emoluments were as follows:

	2019	2018
	£000	£000
Emoluments	362	350
Company contributions to defined contribution pension schemes	2	1
Dividend paid	233	108
	<u>597</u>	<u>459</u>

There were 2 directors who were members of a money purchase pension scheme during the period (2018: 2).

The above amounts for remuneration include the following in respect of the highest paid director:

	2019	2018
	£000	£000
Emoluments	211	199
Company contributions to defined contribution pension schemes	-	-
Dividend paid	116	54
	<u>327</u>	<u>253</u>

Notes to the financial statements

for the year ended 31 December 2019

7. Interest receivable and similar income

	2019 £000	2018 £000
Intercompany interest receivable	10	4
	<u>10</u>	<u>4</u>

8. Interest payable and similar charges

	2019 £000	2018 £000
Bank interest paid	-	1
Interest on lease contracts	3	8
	<u>3</u>	<u>9</u>

9. Taxation

(a) Analysis of charge for period

	2019 £000	2018 £000
Current tax:		
Corporation tax	433	510
Adjustment in respect of previous periods	-	(31)
Total current tax	<u>433</u>	<u>479</u>
Tax on profit on ordinary activities (see note 9(b))	<u>433</u>	<u>479</u>

(b) Factors affecting tax charge for the period

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are reconciled below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>2,248</u>	<u>2,600</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	427	494
Expenses not deductible for tax purposes	6	16
Tax over provided in prior periods	-	(31)
Total tax (see note 9(a))	<u>433</u>	<u>479</u>

Notes to the financial statements

for the year ended 31 December 2019

10. Dividends paid and proposed

Declared and paid during the year:	2019 £000	2018 £000
<i>Equity dividends on ordinary shares:</i>		
Dividends paid	1,591	741

11. Lease contracts

	2019 £000	2018 £000
At 1 January	391	691
Amortisation expense	(296)	(301)
At 31 December	<u>95</u>	<u>391</u>

Analysis of maturities of lease liabilities:

	2019 £000	2018 £000
Not later than one year	88	321
After one year but not more than five years	-	73
	<u>88</u>	<u>394</u>

12. Property, plant and equipment

	Fixtures and fittings £000	Office equipment £000	Total £000
Cost:			
At 1 January 2019	56	323	379
Additions	-	-	-
At 31 December 2019	<u>56</u>	<u>323</u>	<u>379</u>
Depreciation:			
At 1 January 2019	(37)	(284)	(321)
Charge for the year	(8)	(23)	(31)
At 31 December 2019	<u>(45)</u>	<u>(307)</u>	<u>(352)</u>
Net book value:			
At 31 December 2019	<u>11</u>	<u>16</u>	<u>27</u>
At 31 December 2018	<u>19</u>	<u>39</u>	<u>58</u>

Notes to the financial statements

for the year ended 31 December 2019

13. Trade and other receivables

	2019 £000	2018 £000
Trade receivables	1,707	1,991
Amounts owed by group undertakings	-	40
Other receivables	48	42
Prepayments	16	18
	<u>1,771</u>	<u>2,091</u>

14. Trade and other payables - current

	2019 £000	2018 £000
Trade payables	852	657
Other taxation and social security costs	128	156
Accruals	308	371
Other payables	6	4
	<u>1,294</u>	<u>1,188</u>

15. Allotted and issued share capital

	2019 £000	2018 £000
<i>Allotted, called-up and fully paid</i>		
51,251 redeemable ordinary shares of £1.00 each	<u>51</u>	<u>51</u>
	<u>51</u>	<u>51</u>

Notes to the financial statements

for the year ended 31 December 2019

16. Related party transactions

For the period ended 31 December the Company had the following transactions and balances with related parties:.

Related Party	Payables		Receivables		Services		Billings	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Publicis Media FZ	-	-	1	-	-	-	-	-
Publicis Communications Australia Pty Ltd	-	-	1	-	-	-	-	-
Translate Plus Bulgaria Publicis Communications Schweiz AG	(96)	(39)	-	-	-	-	-	-
Publicis Sapient China Co., Ltd.	-	-	1	-	-	-	-	-
S&S Greatwall Advertising Co. Ltd	-	-	2	-	-	-	-	-
Publicis Media GmbH	(1)	-	-	-	-	-	-	-
Metadesign Germany	-	-	1	-	-	-	-	-
Pixelpark GmbH	-	-	2	-	-	-	-	-
Prodigious GmbH	-	-	2	-	-	-	-	-
Publicis Pixelpark GmbH	-	-	1	-	-	-	-	-
PG Lion (Wuhan) Consulting Co Ltd	-	-	-	26	-	-	-	-
MMS Comunicaciones Colombia SAS	-	(15)	-	-	-	-	-	-
Publicis Conseil S.A.	-	-	-	8	-	-	-	-
SCAP	-	-	3	20	-	-	-	-
Prodigious WAM	-	-	-	56	-	-	-	-
Conversant Europe Limited	-	-	2	-	-	-	-	-
Saatchi & Saatchi Group Limited	-	-	-	28	-	-	-	-
Publicis Limited	-	-	-	1	-	-	-	-
Sapient Limited	-	-	21	2	-	-	-	-
Prodigious UK Limited	-	-	5	5	-	-	-	-
Lion Re:Sources UK Limited	(2)	-	1	-	-	-	-	-
PG Media Services Limited	-	-	16	-	-	-	-	-
Publicis Healthcare Communications Group Limited	-	-	1	4	-	-	-	-
Prodigious Italy S.r.l.	(18)	(18)	-	-	-	-	-	-
MMS Communications KK	-	-	-	2	-	-	-	-
Beacon Communications KK	(5)	(4)	-	-	-	-	-	-
MMS Communications Mexico S.A. de C.V.	-	-	-	4	-	-	-	-
Publicis Groupe Holdings B.V.	-	-	-	3	-	-	-	-
Saatchi & Saatchi IS sp. Zoo	-	-	10	1	-	-	-	-
Prodigious Poland	-	-	-	5	-	-	-	-
MMS Communications Singapore	-	-	12	10	-	-	-	-
Arcade Singapore	-	-	7	-	-	-	-	-
S&S NA	-	-	-	16	-	-	-	-
Publicis Hawkeye Inc.	-	-	2	-	-	-	-	-
Publicis Conseil S.A.	-	-	-	8	-	-	-	-

Notes to the financial statements

for the year ended 31 December 2019

17. Ultimate parent undertaking and controlling party

The immediate parent undertaking is MMS UK Holdings 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.

18. Post balance sheet event

In December 2019, several cases of pneumonia associated with the coronavirus disease (COVID-19) were reported in Wuhan, China. The spread of the virus has caused business disruption beginning in January 2020 and the World Health Organization has declared this virus to be a public health emergency on 31 January 2020. While the business disruption is currently expected to be temporary, there is uncertainty around the duration of these disruptions or the possibility of other effects on the business.

This outbreak has no impact on the financial statements as of 31 December 2019 and is treated as a non-adjusting post balance sheet event. It is difficult to reasonably estimate the evolution of advertising and marketing spend in 2020 at the time of this report. Management is focused on the safety and well-being of its people and has put in place all of the necessary measures to protect all its stakeholders' interests and to rigorously manage all costs, particularly during this period.