

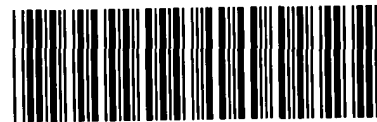
Registration number: 07554778

Mobile5 Media Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

THURSDAY



A9H0J6V7

A11

12/11/2020

#33

COMPANIES HOUSE

Mobile5 Media Limited

Contents

Strategic Report	1 to 2
Directors' Report	3
Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors Report and Financial Statements	4
Independent Auditor's Report to the Members of Mobile5 Media Limited	5 to 6
Profit and Loss Account	7
Total Comprehensive Income/(Loss)	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 24

Mobile5 Media Limited

Strategic Report for the year ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

The purpose of this strategic report is to inform members of the company, and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the company).

Principal Activities

The company's principal activities are of a technology/digital production specialist providing services through consultancy, optimisation and production of digital products and technologies helping clients to better engage with their customers.

Mobile5 Media service a wide array of clients across multiple industries. During 2019, the company underwent a number of investments in order to enhance the overall business offering and deliver a structure that can absorb significant growth. This has included a refresh of the brand identity and website, leadership restructuring, and office relocation, following the split of the Adylic business unit into a separate legal entity.

Position of the company at year end

The company is reporting a loss before tax of £(1,824,087) (2018: profit £690,829). The primary reason behind the decrease in profits are:

- 1) The Adylic division of the business transferred out of Mobile5 Media and formed its own legal entity as of 1 January 2019.
- 2) Significant one-off costs in relation to leadership restructuring, brand refresh and office relocation.

The main trends and factors likely to affect the future development and company's position

COVID 19 is causing widespread disruption globally. This has resulted in rapid change for companies across all industries. The new 'at home' environment has heightened demand for digital products. We anticipate that this will result in a surge of new companies entering the market. Our biggest challenges will be to maintain our point of differentiation whilst expanding our offering and international reach.

To combat these challenges, we have expanded our offering to include optimisation services. As consumer behaviour shifts (even more) to online, optimising the digital experience for our clients' customers and getting them a better return on their digital product investment, in the face of tightening budgets, is more critical than ever.

We are also investing in proprietary digital tools that can be utilised by our clients which will allow us to further differentiate ourselves from our competitors.

Quality of work, expertise and our people are our most important assets. Keeping these as our focus will be key to our success in the coming year.

On 23 June 2016, in a referendum the UK voted to leave the EU. Article 50 was triggered on 29 March 2017. The company is reviewing the new rules that become effective from 1 January 2021 and will continue to monitor the impact of this, in particular, in relation to the ability to continue to trade within the single market and the freedom of movement of staff in and out of the United Kingdom.

Mobile5 Media Limited

Strategic Report for the year ended 31 December 2019

Financial key performance indicators

The company is reporting gross revenue of £2,939,439 (2018: £9,895,774) resulting to a gross margin of 55% (2018: 91%).

The company reported operating loss of £(1,771,031) (2018: £704,382) resulting to an operating loss margin of 60% (2018: 7%)

Approved by the Board on4 Nov 2020..... and signed on its behalf by:



.....
Ms K Pun
Director

Mobile5 Media Limited

Directors' Report for the year ended 31 December 2019

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

Principal activity

The principal activity of the company is that of a mobile creative agency.

Dividends

There was no dividend paid in respect of the year ended 31 December 2019 (2018: NIL).

Directors of the company

The directors who held office during the year were as follows:

Mr G Marks (resigned 22 July 2019)

Mr C Gottlieb (resigned 22 July 2019)

Mr P Poelzlbauer (resigned 22 July 2019)

Mr O Roxburgh (resigned 22 July 2019)

Mr E Meyerowitz (resigned 22 July 2019)

Mr C Lethbridge (appointed 22 July 2019)

Ms K Pun (appointed 22 July 2019)

Ms Annamaria Khan (appointed 22 July 2019)

Going concern

At the end of the year the Company had net current assets of £2,005,541 (2018: £3,150,006). The directors consider that the Company has access to sufficient funding to meet its funding requirements for the reasons set out in note 1 to the financial statements. Accordingly the directors have prepared the financial statements on a going concern basis.

Disclosure of information to the auditor

Each director who held office at the date of approval of this directors' report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 4 Nov 2020 and signed on its behalf by:



.....
Ms K Pun
Director

Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

Mobile5 Media Limited

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors Report and Financial Statements

The directors acknowledge their responsibilities 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. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 apply them consistently;
- make judgements and accounting 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Mobile5 Media Limited

Opinion

We have audited the financial statements of Mobile5 Media Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Total Comprehensive Income/(Loss), Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the accounting policies in note 1.

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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report ;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Mobile5 Media Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors Report and Financial Statements set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

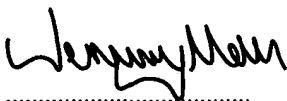
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



.....
Jeremy Hall (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 04/11/20

Mobile5 Media Limited

Profit and Loss Account for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2	2,939,439	9,895,774
Direct costs		<u>(1,003,569)</u>	<u>(937,693)</u>
Gross profit		1,935,870	8,958,081
Administrative expenses		(3,749,061)	(8,253,699)
Other operating income		<u>42,160</u>	<u>-</u>
Operating (loss)/profit	3	(1,771,031)	704,382
Interest payable and similar charges	7	<u>(53,056)</u>	<u>(13,553)</u>
(Loss)/profit before taxation		(1,824,087)	690,829
Tax on profit	8	<u>339,930</u>	<u>(151,817)</u>
(Loss)/profit for the financial year		<u><u>(1,484,157)</u></u>	<u><u>539,012</u></u>

The notes on pages 11 to 24 form an integral part of these financial statements.

Mobile5 Media Limited

Total Comprehensive Income/(Loss) for the year ended 31 December 2019

	Note	2019 £	2018 £
(Loss)/profit for the year		<u>(1,484,157)</u>	<u>539,012</u>
Total comprehensive income for the year		<u><u>(1,484,157)</u></u>	<u><u>539,012</u></u>

Mobile5 Media Limited

(Registration number: 07554778)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	9	293,174	550,865
Tangible assets	10	<u>64,563</u>	<u>130,480</u>
		<u>357,737</u>	<u>681,345</u>
Current assets			
Debtors	11	5,835,906	6,182,439
Creditors: Amounts falling due within one year	12	<u>(3,848,263)</u>	<u>(3,032,433)</u>
Net current assets		<u>1,987,643</u>	<u>3,150,006</u>
Total assets less current liabilities		2,345,380	3,831,351
Provisions for liabilities		<u>-</u>	<u>(1,814)</u>
Net assets		<u>2,345,380</u>	<u>3,829,537</u>
Capital and reserves			
Called up share capital	13	1,226	1,226
Capital redemption reserve		36	36
Retained earnings		<u>2,344,118</u>	<u>3,828,275</u>
Total equity		<u>2,345,380</u>	<u>3,829,537</u>

Approved by the Board on 4 Nov 2020 and signed on its behalf by:



Ms K Pun
Director

Mobile5 Media Limited

Statement of Changes in Equity for the year ended 31 December 2019

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2018	1,226	36	3,289,263	3,290,525
Profit for the year	-	-	539,012	539,012
Total comprehensive income/(loss)	-	-	539,012	539,012
At 31 December 2018	1,226	36	3,828,275	3,829,537
	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2019	1,226	36	3,828,275	3,829,537
Loss for the year	-	-	(1,484,157)	(1,484,157)
Total comprehensive income/(loss)	-	-	(1,484,157)	(1,484,157)
At 31 December 2019	1,226	36	2,344,118	2,345,380

The notes on pages 11 to 24 form an integral part of these financial statements.

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's financial statements.

Basis of preparation

Mobile5 Media Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 07554778 and the registered address is Mobile5 Media Limited, Bankside 3, 90-100 Southwark Street, London SE1 0SW.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The financial statements are presented in sterling the Company's functional currency.

Summary of disclosure exemptions

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Omnicom Group Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Related party transactions: As a 100% owned subsidiary of Omnicom Group Inc. the Company has taken advantage of the exemption available under FRS 102 Section 33. 1A: Related Party Disclosures, which enable it to exclude disclosure of transactions with Omnicom Group Inc., and its wholly owned subsidiaries.

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, which assumes the company will be able to meet its liabilities as they fall due, for the foreseeable future. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts for the 12 month period after the approval of these financial statements, with specific consideration to the trading position of the Company in the context of the Coronavirus pandemic.

As at 31 December 2019, the Company had total assets less current liabilities of £2,349,543 and net assets of £2,347,729. Although the entity has seen a significant impact on revenue due to client budget freezes early in 2020, we are beginning to see a increase of demand for our products as clients look to update their digital presence. Therefore no significant decline in sales or cashflows has occurred or expected to occur in the foreseeable future that would impact the Directors conclusion that it is appropriate to adopt the going concern basis.

The Directors recognise that, at the date of approving these financial statements, given the varying lockdown measures taking place in the UK and globally as a result of the current Coronavirus pandemic, the full impact of the outbreak is unknown at this time and is unpredictable. The Directors have considered the severe but plausible downsides resulting from the pandemic. These include the effects of the pandemic on our clients which may impact their ability to invest in our products. The Directors consider such scenarios unlikely however in the event of such circumstances they would not impact the ability of the company to be able to meet its liabilities as they fall due, for the foreseeable future.

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance Limited, the group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited or by Omnicom Finance Limited depositing cash with the Company. The Company's access to borrowings under the cash concentration arrangement is not limited as long as these borrowings are required in the normal course of business and are made in accordance with the Omnicom Group Inc Grant of Authority.

Omnicom Finance Limited, is able to make this commitment because Omnicom Finance Limited is a co-borrower with Omnicom Finance Inc. and Omnicom Capital Inc. under certain group bank facilities which are more fully described in the Omnicom Group Inc. financial statements filed on Form 10-K and available at www.OmnicomGroup.com.

The directors consider the combination of the group facilities and expected funding requirements of the Omnicom Group Inc. and its subsidiaries provides sufficient access to funding to ensure that the Company is able to meet its liabilities as they fall due for the foreseeable future. Accordingly, the directors have prepared the financial statements as a going concern.

Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

Turnover is recognised when services are delivered to the customer and the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

When a contract has only been partially completed at the balance sheet date turnover represents the value of the services provided to the date based on the proportion of the expected consideration at completion. Where payments are received from customers in advance of services performed, the amounts are recorded as deferred income and included as part of Creditors due within one year.

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Foreign exchange movements that arise on consolidation of foreign operations are recognised in the Statement of Comprehensive Income.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Fixed assets and depreciation

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Life of lease (12 years full life)
Furniture, fittings, and office equipment	3 years straight line

Intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Trade and other debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Trade and other creditors

Trade and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade and other creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies (continued)

Financial Instruments

Classification

Financial Instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

2 Turnover

The whole of the Company's turnover and operating profit for the year related to its principal activity, which was that of an advertising agency, and which was carried out in the United Kingdom.

The analysis of the company's turnover for the year from continuing operations for rendering of services is as follows:

	2,019	2,018
	£	£
UK	2,056,447	7,195,092
Europe	638,655	1,645,958
Americas	244,337	993,207
Asia	-	61,516
	<u>2,039,439</u>	<u>9,895,773</u>

3 Operating loss

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	57,440	59,224
Amortisation of software	9,610	34,033
Foreign exchange (gains) / losses	(23,468)	29,370
Hire of other assets - rentals payable	<u>447,404</u>	<u>816,937</u>

4 Auditor's remuneration

	2019	2018
	£	£
Audit of the financial statements	<u>10,480</u>	<u>9,180</u>

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

5 Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	239,000	400,567

In respect of the highest paid director:

	2019	2018
	£	£
Directors' emoluments	165,000	253,822

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	2,374,328	5,157,124
Social security costs	290,039	579,360
Pension and other post-employment benefit costs	156,914	274,301
	<u>2,821,281</u>	<u>6,010,785</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Administration and support	<u>70</u>	<u>117</u>

7 Interest payable and similar charges

	2019	2018
	£	£
Payable to group undertakings	<u>53,056</u>	<u>13,553</u>

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

8 Taxation

Tax charged in the income statement

	2019 £	2018 £
Current taxation		
Current tax on income for the period	(326,818)	143,977
Deferred taxation		
Origination and reversal of timing differences	(13,502)	8,802
Effect of increased/decreased tax rate on opening liability	1,420	(927)
Adjustment in respect of previous periods	<u>(1,030)</u>	<u>(35)</u>
Total deferred taxation	<u>(13,112)</u>	<u>7,840</u>
Tax (receipt)/expense in the income statement	<u>(339,930)</u>	<u>151,817</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
(Loss)/profit before tax	<u>(1,824,087)</u>	<u>690,829</u>
Corporation tax at standard rate	(346,577)	131,258
Effect of expense not deductible in determining taxable profit	6,256	21,521
Deferred tax expense relating to changes in tax rates or laws	1,421	-
Increase (decrease) in UK deferred tax from prior periods	(1,030)	(927)
Other tax effects for reconciliation between accounting profit and tax (income)	<u>-</u>	<u>(35)</u>
Total tax (credit)/charge	<u>(339,930)</u>	<u>151,817</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by £14,852.

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

8 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

2019

Asset
£

Difference between accumulated depreciation and amortisation and capital allowances

13,112

2018

Liability
£

Difference between accumulated depreciation and amortisation and capital allowances

1,814

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

9 Intangible assets

	Software £	Total £
Cost or valuation		
At 1 January 2019	584,898	584,898
Additions	126,285	126,285
Disposals	<u>(408,399)</u>	<u>(408,399)</u>
At 31 December 2019	<u>302,784</u>	<u>302,784</u>
Amortisation		
At 1 January 2019	34,033	34,033
Amortisation charge	9,610	9,610
Disposals	<u>(34,033)</u>	<u>(34,033)</u>
At 31 December 2019	<u>9,610</u>	<u>9,610</u>
Carrying amount		
At 31 December 2019	<u>293,174</u>	<u>293,174</u>
At 31 December 2018	<u>550,865</u>	<u>550,865</u>

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2018 - £Nil).

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

10 Tangible fixed assets

	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation				
At 1 January 2019	20,258	98,486	214,993	333,737
Additions	-	10,489	35,743	46,232
Disposals	-	(23,393)	(80,672)	(104,065)
At 31 December 2019	<u>20,258</u>	<u>85,582</u>	<u>170,064</u>	<u>275,904</u>
Depreciation				
At 1 January 2019	20,258	62,209	120,790	203,257
Charge for the year	-	25,032	32,408	57,440
Disposal	-	(19,100)	(30,256)	(49,356)
At 31 December 2019	<u>20,258</u>	<u>68,141</u>	<u>122,942</u>	<u>211,341</u>
Carrying amount				
At 31 December 2019	<u>-</u>	<u>17,441</u>	<u>47,122</u>	<u>64,563</u>
At 31 December 2018	<u>-</u>	<u>36,277</u>	<u>94,203</u>	<u>130,480</u>

11 Debtors

	Note	2019 £	2018 £
Trade and other debtors and accrued revenue		2,594,792	3,752,362
Amounts owed by group undertakings - trading balances		1,009,436	1,465,082
Amounts owed by group undertakings - loans and advances		1,029	9,434
Other debtors		2,209,416	921,948
Deferred tax assets	8	11,297	-
Prepayments and accrued income		<u>9,936</u>	<u>33,613</u>
		<u>5,835,906</u>	<u>6,182,439</u>

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance Limited, the Omnicom Europe Limited group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited or by Omnicom Finance Limited depositing cash with the Company. Included in Amounts owed by group undertakings - loans and advances is £1,029 (2018: £9,434) representing cash deposited by the Company under these arrangements.

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

12 Creditors

	2019 £	2018 £
Due within one year		
Trade and other creditors	36,122	346,376
Amounts owed to group undertakings - trading balances	1,494,761	1,085,957
Amounts owed to group undertakings - loans and advances	2,219,162	534,791
Taxation and social security	75,920	681,316
Accruals and deferred income	22,298	383,993
	<u>3,848,263</u>	<u>3,032,433</u>

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance Limited, the Omnicom Europe Limited group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance Limited or by Omnicom Finance Limited depositing cash with the Company. Included in Amounts owed to group undertakings - loans and advances is £2,219,162 (2018: £534,791) representing cash advanced to the Company under these arrangements.

13 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £0.10 each	<u>12,260</u>	<u>1,226.00</u>	<u>12,260</u>	<u>1,226.00</u>

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

14 Related party transactions

Summary of transactions with entities with joint control or significant interest and other related parties

Income and receivables from related parties

	Entities with joint control or significant influence £	Other related parties £
2019		
Sale of services	85,142	495,854
Amounts receivable from related party	284,123	725,313

	Entities with joint control or significant influence £	Other related parties £
2018		
Sale of services	91,012	2,115,633
Amounts receivable from related party	170,585	955,010

Expenditure with and payables to related parties

	Entities with joint control or significant influence £	Other related parties £
2019		
Purchase of services	36,165	629,312
Amounts payable to related party	197,233	110,185

	Entities with joint control or significant influence £	Other related parties £
2018		
Purchase of services	446,232	1,034,122
Amounts payable to related party	794,647	330,401

Transactions with key management personnel

Key management personnel received remuneration of £239,000 (2018: £400,567).

Mobile5 Media Limited

Notes to the Financial Statements for the year ended 31 December 2019

15 Parent and ultimate parent undertaking

The Company is a subsidiary undertaking of Omnicom Group Inc incorporated in the United States of America and is the largest group in which the results are consolidated.

These financial statements are available upon request from Omnicom Group Inc.'s registered address, 437 Madison Avenue, New York, NY10022, USA.

No other group accounts include the results of the Company.

16 Post balance sheet events

In the period since 31 December 2019 and as of the date of approval of these financial statements the company has been addressing issues arising from the global outbreak of COVID-19. In the directors' judgement the outbreak of COVID-19 has not required any post-balance sheet adjustment to be made to, or specific disclosure of the potential impact of the virus to be provided in respect of, any of the company's balance sheet assets and liabilities reported as at 31 December 2019, although there is an evident economic risk exposure for its business in 2020 and potentially beyond.