Langland Advertising Design and Marketing Limited

Annual Report and Financial Statements

31 December 2017

Registered Number: 02633451

Directors

A Bigham	(resigned 14 June 2018)
P Chin	
N Colucci	(resigned 14 June 2018)
A P Kuchel	(resigned 14 June 2018)
A Fins	(appointed 14 June 2018)

Secretaries

J Munis	
N Raj	(appointed 7 June, 2017)
R Basran	(resigned 18 January, 2017)

Auditor

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

Registered Office

Pembroke Building
Kensington Village
Avonmore Road
London
W14 8DG

Strategic Report

Principal activity and review of the business

The principal activity of Langland Advertising Design and Marketing Limited ("the Company") continues to be a full-service advertising agency specialising in the healthcare sector.

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

	2017 £000	2016 £000	Change %
Revenue	12,929	11,130	16%
Operating profit	3,100	1,473	110%
Profit after tax	2,493	1,134	120%
Shareholder's funds	8,540	6,047	41%
Current assets as a % of current liabilities	311%	261%	50%
Average number of employees	102	98	4%

The Company transferred its trade and assets to Publicis Healthcare Communications Group Limited on 1 April 2018. Following the transfer, the entity is not expected to trade going forward.

Despite the constantly evolving and challenging headwinds faced by our clients in 2017, our business performed well.

The year was an important one in Langland's continued development for several reasons.

Firstly, in terms of financial performance, we saw excellent progress and a return to growth, following a year of stasis in 2016. We achieved improvement in our key financial KPIs. Revenue for the year was up 16%, driven by a combination of organic growth and by several significant business wins from new clients across all areas of the business. Operating profit also saw positive movement, up 110% (2016: -58%).

In the context of continuing to build our platform for sustained growth and the development of Langland as a global brand, good progress was also made over the course of the year.

Our clinical trial recruitment (CTR) offering grew significantly through the addition of new clients and an increase in the scope of projects. In addition, the rollout of Publicis Loop, our innovative proprietary CTR online management platform advanced well, with positive early buy-in from several clients. The inclusion of this technology is an important step in augmenting our relationships with global CTR clients and further builds our capability and reputation as a trusted business partner in this specialised area of pharmaceutical R&D.

Our successful year was also underpinned by strong performances from our ethical and corporate business units. Several new clients were added to our roster across these areas of the business and our corporate team successfully completed a collaboration with management consulting firm McKinsey & Company. This being the first collaboration of its kind in Europe between a Publicis Health agency and McKinsey.

Whilst we are able to qualify our financial achievements by presenting our year-end numbers, unlike in previous years this year we are unable to provide an assessment of our creative performance using award wins as a measurement. This is due to a decision in June for all Publicis Groupe agencies to put entering into award shows on pause for a year to enable investment to be made to fund the creation of Marcel, Publicis Groupe's new AI platform, which is due to launch in the Summer of 2018.

That said, we know from the past that the formula for financial success has always been directly related to the quality of our creative output, which for many years has been recognised as setting the bar in our industry. Given that we delivered strong financial growth, it is reasonable to attest that our creativity also delivered and this formula continues to work. For this reason, it is important that we keep on building the Langland brand and culture based on being a creatively-led organisation, whilst being mindful that we need to operate in a financially-led world.

Strategic Report (continued)

Principal activity and review of the business (continued)

Without doubt the reason why the business performed well in 2017 was fundamentally down to the quality, capability and dedication of our people. Having people who were open to adapting to changes that were required in order to seize business opportunities at any given moment throughout the year was both inspiring and gratifying. Our peoples' specialist knowledge and their ability to apply this to support and add value to our clients' businesses undeniably sets them apart and will be an ongoing key driver for our continued success. With this in mind, we will continue to do all we can to ensure that people of the highest calibre are attracted to and join our business. As part of Publicis Healthcare Communications Limited, providing ongoing opportunities for professional development will also be an ongoing focus, as will supporting our people to achieve a healthy work-life balance.

Throughout the year, the integration of our organisational systems, processes and policies into those of Publicis Health and Publicis Groupe continued. This integration which spanned the areas of IT, HR and Finance proceeded well, without any major issues, which reflects the excellent relationships that have been built between all stakeholders over the past two years since becoming part of Publicis Groupe. We also actively participated in Power of One business opportunities, which is Publicis Groupe's new model for partnering with clients, placing them at the core and giving them access to all of our global resources and capabilities in a smarter way.

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.

- o Exposure to liquidity, cash flow and credit risk

  Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We aim to mitigate liquidity risk by managing cash generation by our operations and applying cash collection targets.

  Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance the day-to-day operations. We manage cash flow risk by careful negotiation of terms with customers and suppliers.

  Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Our policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Strategic Report (continued)

Principal risks and uncertainties (continued)

- Financial instrument risks (continued)
  - Exposure to foreign exchange risk

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

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

  Derivatives used are generally forward currency contracts or currency swaps.

On behalf of the board

P Chin
Director

27 June 2018

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Results and dividends

The Company recorded a profit after tax for the financial year of £2,493,000 (2016: £1,134,000). No dividends were declared and paid during the year (2016: £nil).

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 4. These matters relate to the principal activity and financial risks.

Future developments

As the Company transferred its trade and assets to Publicis Healthcare Communications Group Limited on 1 April 2018, there are no plans for any future business activity.

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

On 1 April 2018, the Company transferred its trade and assets to Publicis Healthcare Communications Group Limited. Following the transfer, the entity is not expected to trade going forward. 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

As discussed in the Strategic Report, the Company has ceased operations in April 2018. As the Company is not trading, the financial statements have not been prepared on a going concern basis. No consequential adjustments arise to these financial statements.

On behalf of the board

P Chin
Director

27 June 2018

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 Langland Advertising Design and Marketing Limited

Opinion

We have audited the financial statements of Langland Advertising Design and Marketing Limited (the 'company') for the year ended 31 December 2017 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, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

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.

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 Langland Advertising Design and Marketing 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 7, 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 Langland Advertising Design and Marketing 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.

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

28 June 2018

Statement of total comprehensive income

for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Revenue	2	12,929	11,130
Administrative expenses		(9,829)	(9,657)
Operating profit	3	3,100	1,473
Interest receivable and similar income	7	3	4
Profit on ordinary activities before taxation		3,103	1,477
Taxation	8	(610)	(343)
Profit for the financial year		2,493	1,134
Other comprehensive income		-	-
Total comprehensive income for the year		2,493	1,134

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

Balance sheet

at 31 December 2017

	Notes	2017 £000	2016 £000
Non-current assets			
Deferred tax asset	8	70	67
Property, plant and equipment	9	593	915
		663	982
Current assets			
Work in progress		5	8
Trade and other receivables	10	3,715	4,146
Corporation tax		-	143
Cash and cash equivalents		7,895	3,912
		11,615	8,209
Current liabilities			
Trade and other payables	11	(3,266)	(3,144)
Corporation tax		(472)	-
		(3,738)	(3,144)
Net current assets		7,877	5,065
Total assets less current liabilities		8,540	6,047
Net assets		8,540	6,047
Capital and reserves			
Called up share capital	12	-	-
Share premium		563	563
Retained earnings		7,977	5,484
Total equity		8,540	6,047

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

P Chin
Director

27 June 2018

Statement of changes in equity

for the year ended 31 December 2017

	Called up share capital £000	Share premium £000	Retained earnings £000	Total Equity £000
At 1 January 2016	-	563	4,350	4,913
Profit for the financial year	-	-	1,134	1,134
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,134	1,134
At 31 December 2016	-	563	5,484	6,047
Profit for the financial year	-	-	2,493	2,493
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	2,493	2,493
At 31 December 2017	-	563	7,977	8,540

Notes to the financial statements

for the year ended 31 December 2017

1. Accounting policies

1.1. Basis of preparation

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 ceased operations in April 2018. As the Company is not trading, the financial statements have not been prepared on a going concern basis. No consequential adjustments arise to these financial statements.

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 paragraph 8:

(i) The requirements of IFRS 2 'Share-based Payment' paragraphs 45(b) and 46 to 52 relating to certain disclosure requirements on share-based payments;

(ii) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)) and the reconciliation of the carrying amount of intangible assets (IAS 38(118)(e));

(iv) The requirements of IAS 1 'Presentation of Financial Statements' paragraph 16, the requirement to make an explicit and unreserved statement of compliance with IFRS;

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

(vi) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;

(vii) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d) and 111 relating to the presentation of a Cash Flow Statement;

(viii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective;

Notes to the financial statements

for the year ended 31 December 2017

1. Accounting policies (continued)

1.1. Basis of preparation (continued)

Disclosure exemptions applied (continued)

(ix) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 and 18(a) relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group; and

(x) The requirements of IAS 36 'Impairment of Assets' paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) relating to certain disclosure requirements of impairment testing.

For the disclosure exemptions listed in points (i) to (ii) and (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

A written agreement with clients (purchase order, letter, contract, etc.) indicating the nature and the amount of the work to be performed is required for the recognition of revenue. The Company's revenue recognition policies are summarised below:

- project-based arrangements: revenue is recognised in the accounting period in which the service is rendered;
- fixed-fees: revenue is recognised on a straight-line basis, which reflects the nature and the scope of the services rendered;
- time-based fees: revenue is recognised on the basis of work done; and
- fees based on performance criteria: revenue is recognised when the performance criteria have been met and the customer has confirmed its agreement.

In most of its transactions, the Company acts as an agent for its clients. For these transactions, the Company recognises the net amount earned, and any expenses incurred with third-party suppliers are excluded from revenue. In certain instances, the Company acts as the principal. In these circumstances, the Company recognises the gross amount invoiced as revenue.

Notes to the financial statements

for the year ended 31 December 2017

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Effect of foreign currency

Transactions denominated in foreign currencies are translated into sterling at the actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the income statement. The Company uses derivatives such as foreign currency hedges to hedge its current or future positions against foreign exchange rate risks. These derivatives are measured at fair value, determined by reference to observable market prices at the reporting date.

Income tax

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

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases

Rentals under operating leases are charged in the income statement on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

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	–	3 to 4 years
Leasehold improvements	–	over the shorter of the lease term and the useful life of the asset
Plant and machinery	–	3 years
Motor vehicles	–	4 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.

Notes to the financial statements

for the year ended 31 December 2017

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Property, plant and equipment (continued)

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.

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.

Work in progress

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

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.

Pensions

The Company has a defined contributions scheme. Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

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.

Equity and reserves

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

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

Retained earnings include all current and prior period retained profits.

Notes to the financial statements

for the year ended 31 December 2017

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Adoption of new and revised standards

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2017:

	EU effective date Periods beginning on or after
IAS 12 (amendment) Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to IFRS (2014 – 2016): Amendment to IFRS 12 *Disclosure of Interests in Other Entities.*	1 January 2017

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

Notes to the financial statements

for the year ended 31 December 2017

2. Revenue

The activities of the Company during the year were principally related to a full-service advertising agency specialising in the healthcare sector. 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:

	2017	2016
	£000	£000
United Kingdom	5,579	5,855
USA	5,699	4,605
Europe	980	428
Rest of the World	671	242
	12,929	11,130

The total revenue of the Company for the year has been derived from its principal activity based in the United Kingdom. Activities undertaken in the United Kingdom include services provided for overseas clients. The analysis of geographical markets is based on the destination of the invoice.

3. Operating profit

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

	2017	2016
	£000	£000
Loss on transactions denominated in foreign currency	23	22
Gain on disposal of fixed assets	(58)	(27)
Depreciation of property, plant and equipment (see note 9)	278	316
Operating leases – other	185	546
Staff costs (see note 5)	6,305	6,346
Auditor's remuneration (see note 4)	15	17

4. Auditor's remuneration

The remuneration of the auditor is further analysed as follows:

	2017	2016
	£000	£000
Audit of the financial statements – Company	15	17
	15	17

Notes to the financial statements

for the year ended 31 December 2017

5. Staff Costs

	2017 £000	2016 £000
Wages and salaries	5,246	5,351
Social security costs	638	602
Defined contribution pension scheme costs	421	393
	6,305	6,346

Included in total staff costs is £248,000 (2016: £249,000) in respect of directors' remuneration (see note 6).

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

	2017 No.	2016 No.
Advertising staff	85	82
Administrative staff	17	16
	102	98

6. Directors' emoluments

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

The directors' emoluments were as follows:

	2017 £000	2016 £000
Emoluments	224	225
Company contributions to defined contribution pension schemes	24	24
	248	249

There was 1 director who was a member of a money purchase pension scheme during the year (2016: 1).

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

	2017 £000	2016 £000
Emoluments	224	225
Company contributions to defined contribution pension schemes	24	24
	248	249

Notes to the financial statements

for the year ended 31 December 2017

7. Interest receivable and similar income

	2017 £000	2016 £000
Intercompany interest receivable	3	4
	3	4

8. Taxation

(a) Analysis of charge for year

	2017 £000	2016 £000
Current tax:		
Corporation tax	613	325
Prior year adjustment	-	28
Total current tax	613	353
Deferred tax:		
Origination & reversal of temporary difference	(9)	(8)
Adjustment in respect of previous periods	5	(3)
Rate change	1	1
Total deferred tax (see note 8(c))	(3)	(10)
Tax on profit on ordinary activities (see note 8(b))	610	343

(b) Factors affecting tax charge for the year

The tax rate used for the reconciliation is the corporate tax rate of 19.25% (2016:20.00%) payable by the Company in the UK on taxable profits under UK tax law.

The charge for the year can be reconciled to the profit for the year as follows:

	2017 £000	2016 £000
Profit on ordinary activities before tax	3,103	1,477
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	597	295
Expenses not deductible for tax purposes	7	22
Tax under provided in prior years	5	25
Rate change	1	1
Total tax (see note 8(a))	610	343

Notes to the financial statements

for the year ended 31 December 2017

8. Taxation (continued)

(c) Deferred taxation

	Accelerated tax depreciation £000	Total £000
As at 1 January 2016	57	57
Debit to profit or loss	10	10
As at 31 December 2016	67	67
Debit to profit or loss	9	9
Effects of changes in tax rates	(1)	(1)
Adjustment in respect of previous periods	(5)	(5)
As at 31 December 2017	70	70

Analysis of deferred tax balances for financial reporting purposes:

	2017 £000	2016 £000
Accelerated tax depreciation	70	67
	70	67

(d) Factors that may affect future tax charges

The UK corporation tax rate will decrease from 19.25% to 17% from 1 April 2020. These rate changes will affect the amount of future cash payments made by the Company.

Notes to the financial statements

for the year ended 31 December 2017

9. Property, plant and equipment

	Leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost:					
At 1 January 2017	1,599	569	435	373	2,976
Additions	-	3	1	-	4
Disposals	-	(133)	(16)	(238)	(387)
At 31 December 2017	1,599	439	420	135	2,593
Depreciation:					
At 1 January 2017	1,053	441	349	218	2,061
Charge for the year	69	87	45	77	278
Disposals	-	(131)	(16)	(192)	(338)
At 31 December 2017	1,122	397	378	103	2,000
Net book value:					
At 31 December 2017	477	42	42	32	593
At 31 December 2016	546	128	86	155	915

Notes to the financial statements

for the year ended 31 December 2017

10. Trade and other receivables

	2017 £000	2016 £000
Trade receivables	3,141	3,691
Prepayments and accrued income	285	213
Amounts owed by other group undertakings	153	-
Amounts recoverable on contracts	127	232
Other receivables	9	10
	3,715	4,146

11. Trade and other payables

	2017 £000	2016 £000
Trade payables	662	604
Amounts owed to group undertakings	453	116
Accruals and deferred income	683	1,021
Other taxation and social security costs	578	439
Other payables	890	964
	3,266	3,144

12. Allotted and issued share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,193 ordinary shares of 10p each	119	119
	119	119

Notes to the financial statements

for the year ended 31 December 2017

13. Other financial commitments

There are a number of office facilities under operating leases. The periods of the leases vary and the lease payments are generally subject to periodic reviews. At 31 December 2017, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases:

	Land & Buildings	
	2017	2016
	£000	£000
Not later than one year	371	353
After one year but not more than five years	185	651
	556	1,004

14. Related party transactions

The Company has taken advantage of the exemption under IAS 24, "Related Party Disclosures", not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

15. 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.