

Registration number: 3148086

Amnet Limited

Report and Financial Statements

for the Year Ended 31 December 2016

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Company Information

Directors Ms Louisa Wong (resigned 25 Jan 2017)
Ms Claire Price (resigned 12 Oct 2016)
Mr Nicholas Thomas
Ms Tracy de Groose (appointed 18 May 2015)
Ms Mary Basterfield (appointed 12 Oct 2016)

Company secretary Mr Andrew Moberly

Registered office 10 Triton Street
Regent's Place
London
NW1 3BF

Auditors Ernst & Young LLP
1 More London Place
London
SE1 2AF

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Fair review of the business

The results of the Company for the year are set out in the income statement on page 7. The Company made a profit for the financial year, after taxation, of £8,030,000 (2015: profit £5,506,000). The balance sheet on page 9 of the Financial Statements shows the Company's financial position.

The company's principle activity during the year were as follows:

Amnet is Dentsu Aegis Network's programmatic business. Amnet operates a consistent and innovative technology, operations, and people stack which delivers success on a local, regional and global basis. Supported by the Amnet Audience Center, a global proprietary data management platform, Amnet specialists work with each Dentsu Aegis Network agency to deliver programmatic solutions that are seamless and unified with broader communication goals.

Principal risks and uncertainties

The directors consider that the only significant financial risks to the company are credit risk and liquidity risk. The company's principal assets subject to credit risk are trade debtors. The company does not use derivative financial instruments.

Approved by the Board on 8/9/17 and signed on its behalf by:



Mr Nicholas Thomas
Director

Directors Report for the Year Ended 31 December 2016

The directors, who served during the year are shown on page 1, present their report and the financial statements for the year ended 31 December 2016.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Objectives and policies

Employment policies

It is the policy of the company that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any employee become disabled every practical effort is made to provide continued employment.

The directors are committed to maintain and develop communication and consultation procedures with employees, who in turn are encouraged to become aware of and involve themselves in the performance of their company. This is achieved through companywide and departmental meetings, by the use of e-mail and intranet, through publication of an internal magazine and during individual performance appraisals.

Policy and practice on payment of creditors

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms subject to the terms and conditions being met by the supplier.

Disclosure of information to the auditors

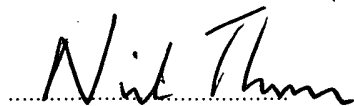
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of that information.

Reappointment of auditors

Ernst & Young LLP served as auditors for the 31 December 2016 financial year.

KMPG LLP are expected to be appointed with effect from 31 March 2017 for the 2017 financial year

Approved by the Board on 8/9/17 and signed on its behalf by:



Mr Nicholas Thomas
Director

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable Laws), 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 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; 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 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 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 AMNET Limited

We have audited the financial statements of Amnet Limited for the year ended 31 December 2016, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. 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'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the members of AMNET Limited

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 identified no material misstatements in the Strategic Report or Director's Report.

We have nothing to report in respect of the following matters where 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



Richard Addison (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 11/09/2017

Income statement for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Turnover	3	85,883	55,972
Cost of sales		<u>(69,685)</u>	<u>(43,321)</u>
Gross profit		16,198	12,651
Administrative expenses		<u>(6,160)</u>	<u>(5,707)</u>
Operating profit		<u>10,038</u>	<u>6,944</u>
Interest receivable and similar income	5	45	34
Interest payable and similar charges	6	<u>(43)</u>	<u>(65)</u>
		<u>2</u>	<u>(31)</u>
Profit before tax		10,040	6,913
Tax	10	<u>(2,010)</u>	<u>(1,407)</u>
Profit for the year		<u><u>8,030</u></u>	<u><u>5,506</u></u>

The above results were derived from continuing operations.

Statement of Comprehensive Income for the Year Ended 31 December 2016


	Note	2016 £ 000	2015 £ 000
Profit for the year		<u>8,030</u>	<u>5,506</u>
Total comprehensive income for the year		<u><u>8,030</u></u>	<u><u>5,506</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Current assets			
Trade and other receivables	11	46,893	39,414
Cash at bank and in hand		<u>1,861</u>	<u>29</u>
		<u>48,754</u>	<u>39,443</u>
Creditors: Amounts falling due within one year			
Trade and other payables	14	(22,912)	(19,440)
Loans and borrowings	13	-	(4,200)
Income tax liability		<u>(4,512)</u>	<u>(2,502)</u>
Creditors: Amounts falling due within one year		<u>(27,424)</u>	<u>(26,142)</u>
Net assets		<u>21,330</u>	<u>13,300</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		<u>21,330</u>	<u>13,300</u>
Shareholders' funds		<u>21,330</u>	<u>13,300</u>

Approved by the Board on 8/9/17 and signed on its behalf by:



Mr Nicholas Thomas
Director

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2016	-	13,300	13,300
Profit for the year	-	8,030	8,030
Total comprehensive income	-	8,030	8,030
At 31 December 2016	-	21,330	21,330

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	-	7,793	7,793
Profit for the year	-	5,506	5,506
Total comprehensive income	-	5,506	5,506
At 31 December 2015	-	13,300	13,300

The notes on pages 11 to 16 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Authorisation of financial statements and statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in pounds sterling and are rounded to the nearest (thousand pounds (£000)).

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (ii) paragraph 118(e) of IAS 38 Intangible Assets;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (i) the effects of new but not yet effective IFRSs.

Going Concern

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.2 Accounting estimates and uncertainties

The Company makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the related actual results.

2.3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Notes to the Financial Statements for the Year Ended 31 December 2016

Turnover and revenue recognition

Turnover represents amounts invoiced, excluding value added taxes, for media and for services provided in the normal course of business.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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 changes in value.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less or in the normal operating cycle of the business if longer, they are classified as current assets. If not, they are presented as non-current assets.

Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Notes to the Financial Statements for the Year Ended 31 December 2016

3 Turnover

Revenues are attributable to activities in the below countries/regions:

	2016 £000	2015 £000
United Kingdom	73,972	45,268
Rest of the world	11,911	10,704
Total	<u>85,883</u>	<u>55,972</u>

4 Operating profit

Operating profit for the Company has been arrived at after charging/(crediting):

	2016 £ 000	2015 £ 000
Research and development costs	1,058	302
Foreign exchange losses/(gains)	(161)	124
Operating lease expense - property	<u>93</u>	<u>-</u>

5 Interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest income from deposits held with group undertakings	<u>45</u>	<u>34</u>

6 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Interest payable on loans held with group undertakings	<u>43</u>	<u>65</u>

7 Staff costs

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

	2016 £ 000	2015 £ 000
Wages and salaries	2,788	2,959
Social security costs	280	299
Other pension costs	<u>78</u>	<u>110</u>
	<u>3,146</u>	<u>3,368</u>

Notes to the Financial Statements for the Year Ended 31 December 2016

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

	2016 No.	2015 No.
Sales, marketing and distribution	<u>53</u>	<u>56</u>

8 Directors' remuneration

The directors' remuneration for the year and in respect of the highest paid director was as follows:

	2016 £ 000	2015 £ 000
Remuneration	17	248
Pension	<u>1</u>	<u>20</u>

Note: The directors of the company are also directors of other group companies. The remuneration of these directors is borne by these other group companies and displayed in those financial statements.

9 Auditors' remuneration

	2016 £ 000	2015 £ 000
Audit of the financial statements	<u>15</u>	<u>15</u>

10 Tax on profit on ordinary activities

(a) Tax charged in the income statement

The tax charge for continuing operations is made up of the following:

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	2,008	1,407
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>2</u>	<u>-</u>
Tax expense in the income statement	<u>2,010</u>	<u>1,407</u>

(b) Reconciliation of the total tax charge

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 20% (2015: 21.5%). The differences are explained below:

Notes to the Financial Statements for the Year Ended 31 December 2016

	2016 £ 000	2015 £ 000
Profit before tax	10,040	6,913
Corporation tax at standard rate of 20% (2015 - 20.25%)	2,008	1,400
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	-	8
Total tax charge	2,008	1,408

(c) Change in corporation tax rate

The UK Government enacted legislation which reduced the main rate of corporation tax to 20% from 1 April 2015. A further reduction in the main rate of corporation tax is proposed to reduce the rate 19% from 1 April 2017 and 17% from 1 April 2020.

It is expected that this will reduce the company's future current tax charge accordingly.

11 Trade and other receivables

	2016 £ 000	2015 £ 000
Trade receivables	83	364
Receivables from related parties	41,771	22,016
Prepayments and accrued income	3,776	15,572
Other receivables	1,263	1,462
	46,893	39,414

12 Share capital

Allotted, called up and fully paid shares

	2016 No.	2016 £	2015 No.	2015 £
Ordinary Shares of £1 each	100	100	100	100

13 Loans and borrowings

	2016 £ 000	2015 £ 000
Current loans and borrowings		
Bank overdrafts	-	4,200

Notes to the Financial Statements for the Year Ended 31 December 2016

14 Creditors: amounts falling due within one year

	2016 £ 000	2015 £ 000
Trade payables	2,662	2,208
Accruals	17,161	17,037
Amounts due to related parties	2,409	132
Social security and other taxes	52	29
Other payables	629	-
	<u>22,912</u>	<u>19,440</u>

15 Parent and ultimate parent undertaking

AMNET Limited is a wholly owned subsidiary of Aegis International Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Dentsu Inc., a company incorporated in Tokyo and registered in Japan. Dentsu Inc. is the parent undertaking of the largest group for which group financial statements are prepared and of which the Company is a member. Copies of Group financial statements can be obtained from: The Secretary, Dentsu Inc., 1-8-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7001. The smallest group in which the results of the company are consolidated is that headed by Dentsu Aegis Network Limited.