

## **Amnet Limited**

Annual report and financial statements  
Registered number 3148086  
31 December 2018



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## Strategic report

The directors present their strategic report for the year ended 31 December 2018.

### Fair review of the business

The results of Amnet Limited ("the Company") for the year are set out in the Profit and Loss Account on page 8. With a backdrop of a difficult trading environment in the UK business, revenue declined to £10,954,000 (2017: £16,015,000) and profit before tax to £6,505,000 (2017: 10,854,000). As a result, there has been a decline in revenue and profits driven by client losses throughout the wider business and the evolving market place. The Directors believe that with the increasing digitisation of the UK media market, the Company has a good basis for generating future revenue growth opportunities. Employee numbers at the end of the year were 44 (2017: 57).

The Balance Sheet on page 9 of the Financial Statements shows the Company's financial position. At 31 December 2018 the Company was in a strong net asset position of £35,585,000 (2017: net asset position of £30,093,000).

### Key performance indicators

The management team monitors various key performance indicators including turnover, revenue and profitability compared with budget and prior years on a project and client basis.

- Turnover decreased by 31.6% in 2018 (2017: 2.4% decrease)
- Revenue decreased by 31.6% in 2018 (2017: 1.1% decrease)
- Profit before tax decreased by 40.1% in 2018 (2017: 8.1% increase)

### Principal risks and uncertainties

The Directors consider the only significant financial risks to the company are credit risk and liquidity risk.

#### Credit risk

The Company's principal risks are the recovery of amounts owed by trade debtors, loss of key clients and/or failure to win new ones. The trade debtors are managed via the Company's credit insurance, ensuring work is not undertaken without formal approval, setting of payment terms in line with Company targets and regular reviewing and chasing of customer collections. Dedicated client relationship and Global Client management teams are in place to remain competitive within the market and win new business. The Company oversees the management of its trade debtors via regular monitoring of overdue debts against Company targets

#### Liquidity Risk

The principal financial instruments employed by the Company are cash or cash equivalents, and the directors ensure that the business maintains sufficient cash reserves through regular monitoring of projected cash balances and effective working capital management.

By order of the Board



.....  
**M Platts**  
Director

Date..... 24/10/2019

10 Triton Street, Regent's Place, London, NW1 3BF

## Directors' report

The directors, who served during the year and are shown below, present their report and the Financial Statements of Amnet Limited ("the Company") for the year ended 31 December 2018.

### Principal activity

The Company provides a range of services in the area of media communications, the principal of which is the placement of advertising. The immediate parent company is Aegis International Ltd and the ultimate parent company is Dentsu Inc.

### Research and development

The Company is involved in media research and development in order to offer its clients media planning and buying methodology and research data. During the year, the Company spent £274,000 (2017: £716,000) on research and development.

### Financial instruments

The Company does not use derivative financial instruments.

### Proposed dividend

There were no dividends paid or declared in 2018 (2017: nil).

### Directors

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

Mr. Nicholas Thomas (resigned 21 Jun 2019)

Ms Mary Basterfield (resigned 9 Feb 2018)

Mr Dennis Romijn (appointed 21 Jun 2019)

Mr Matthew Platts

### Company secretary

A Moberly

### Directors' indemnities

The Company's ultimate parent undertaking, Dentsu Inc., has made qualifying third-party indemnity provisions for the benefits of the Company's directors and officers which were made during the year and remain in force at the date of this report.

### 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 own division and the Company as a whole.

Consultation and involvement policies vary from division to division according to legal consideration and the size of the business

### Political contributions

The Company made no political donations or incurred any political expenditure during the year.

## Directors' report (continued)

### Going concern

The Company has a strong Balance Sheet, with net assets at 31 December 2018 of £35,585,000. 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.

### Disclosure of information to 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information..

### Auditor

KPMG LLP has indicated their willingness to continue in office, and a resolution for their reappointment as auditor will be proposed to the sole Member of the Company on the date of signing of these accounts.

By order of the Board



.....  
**M Platts**  
Director

Date. 24 / 10 / 2019

10 Triton Street, Regent's Place, London, NW1 3BF

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

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. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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;
- 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 Amnet Limited

### Opinion

We have audited the financial statements of Amnet Limited ("the Company") for the period ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *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.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### 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

## **Independent auditor's report to the members of Amnet Limited**

*(continued)*

### **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.

### **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 their 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; 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; 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.



## **Independent auditor's report to the members of Amnet Limited** (continued)

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



**Sarah Styant (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square,  
London,  
E14 5GL

Date: 24 October 2019

**Profit and Loss Account**  
*for the year ended 31 December 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Turnover</b>		<u>55,664</u>	<u>83,815</u>
<b>Revenue</b>	2	10,954	16,015
Operating expenses		<u>(4,624)</u>	<u>(5,296)</u>
<b>Operating Profit</b>		<b>6,330</b>	10,719
Other interest receivable and similar income	6	190	156
Interest payable and similar expenses	7	<u>(15)</u>	<u>(21)</u>
<b>Profit before tax</b>		<b>6,505</b>	10,854
Tax on profit on ordinary activities	8	<u>(1,199)</u>	<u>(2,091)</u>
<b>Profit for the year</b>		<u><b>5,306</b></u>	<u><b>8,763</b></u>

The Company has no other comprehensive income in the year or the prior year other than the profits as reported above and therefore no statement of other comprehensive income has been presented.

The notes on pages 11 – 18 form an integral part of these financial statements.

**Balance Sheet**  
*as at 31 December 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Current assets</b>			
Debtors	9	52,003	57,362
Cash at bank and in hand		1,939	1,143
		<u>53,942</u>	<u>58,505</u>
<b>Creditors: Amounts falling due within one year</b>	10	(18,562)	(28,412)
		<u>35,380</u>	<u>30,093</u>
<b>Net current assets</b>			
<b>Net assets</b>		<u>35,380</u>	<u>30,093</u>
<b>Capital and reserves</b>			
Share capital	11	-	-
Profit and loss account		35,380	30,093
<b>Shareholders' funds</b>		<u>35,380</u>	<u>30,093</u>

These financial statements were approved by the board of directors and were signed on its behalf by:



.....  
**M Platts**  
*Director*

Date.....

24 / 10 / 2019

10 Triton Street, Regent's Place, London, NW1 3BF

Company registered number: 3148086

The notes on pages 11 – 18 form an integral part of these financial statements.

**Statement of Changes in Equity**  
*for the year ended 31 December 2018*

	<b>Profit and Loss Account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 January 2017	21,330	21,330
Profit for the year	8,763	8,763
Balance at 31 December 2017	<u>30,093</u>	<u>30,093</u>
	<b>Profit and Loss Account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 January 2018	30,093	30,093
Adjustment on initial application of IFRS 9	(19)	(2)
Adjusted balance at 1 January 2018	<u>30,074</u>	<u>30,091</u>
Profit for the year	5,306	5,494
<b>Balance at 31 December 2018</b>	<u><b>35,380</b></u>	<u><b>35,585</b></u>

The notes on pages 11 – 18 form an integral part of these financial statements.

## Notes

(forming part of the financial statements)

### 1 Accounting policies

Amnet Limited ("the Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 3148086 and the registered address is 10 Triton Street, Regent's Place, London, NW1 3BF.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Dentsu Inc., includes the Company in its consolidated financial statements. The consolidated financial statements of Dentsu Inc. are prepared in accordance with International Financial Reporting Standards and are available to the public and may 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 the group headed by Dentsu Aegis Network Ltd.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### Measurement convention

The financial statements are prepared on the historical cost basis.

### Going concern

The Company has a strong Balance Sheet, with net assets at 31 December 2018 of £35,585,000. 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.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **Basis of Preparation**

The Company has applied the following new standards and amendments for the first time for the year commencing 1 January 2018:

#### **IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 introduces a five-step approach to the timing and measurement of revenue recognition based on performance obligations identified in contracts with customers. The timing of recognition of revenue, as well as presentational considerations, are now driven by the transfer of control of goods and services rather than the IAS 18 'Revenue' requirements related to risk and reward.

Under the new standard, the assessment of whether an entity acts as principal or agent is based on whether the entity controls goods or services before they are transferred to the customer. The standard identifies the following indicators to assist in the assessment of control: primary responsibility for contract fulfilment, inventory risk and pricing discretion. Where such goods and services are controlled by the entity before transfer, the entity is acting as principal and presents the revenue and costs in respect of the goods or services gross in the profit and loss account.

The Company has elected to use the cumulative effect method for transition to IFRS 15, however the cumulative effect on the timing and measurement of revenue as of the commencement date of the standard is not material. Comparative periods have not been adjusted and continue to be reported under IAS 18 'Revenue'.

The application of the standard has also changed how the Company presents certain elements of Work in progress and Prepayments where they are identified to relate to contracts with customers. These balances include costs incurred on behalf of clients and other third-party costs that have not yet been billed to clients and are therefore considered receivables under IFRS 15. Such balances are now presented as Trade receivables and accrued income in the balance sheet.

#### **Revenue**

Turnover represents amounts billable for advertising managed by the Company on behalf of clients, together with fees earned for media projects and market research services provided, net of discounts, VAT and other sales-related taxes.

Turnover, being the gross amount billed, is still disclosed on the face of the profit and loss account as a non-GAAP measure in line with industry practice

Revenue is derived from arrangements involving fees for advertising services, commissions on media placements, or a combination of the two, as agreed upon with each client. The Company recognises revenue in accordance with the 5-step model established under IFRS 15 'Revenue from contracts with customers'.

When revenue is in the form of commissions revenue is recognised when the media airs or is published, depending on the form of the media.

When revenue is in the form of advertising services, this is recognised over the life of the contract.

Contracts may include variable consideration, such as performance related fees, which are part of the transaction price. Such fees are recognised in line with the revenue recognised in respect of the underlying performance obligation, to the extent that is not highly probable to result in a significant reversal.

#### *Assets and liabilities related to contracts with customers*

Contract assets balances recognised as at 31 December 2018 total £1,768,000 (2017: £5,265,000). These balances are presented within Trade receivables and accrued income and mainly represent accrued income where a performance

obligation has been satisfied but the right to consideration is conditional and has not yet been billed. Deferred income balances presented within Trade and other payables in the balance sheet are considered contract liabilities.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **Financial instruments (From 1 January 2018)**

##### **Financial assets**

##### **Classification and measurement of financial assets**

All financial assets are initially measured at fair value. Management determines the classification and subsequent measurement of the financial asset based on the contractual terms at the initial recognition date. The classifications and subsequent measurement include the following:

##### **Classification as trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Current trade receivables do not carry any interest charge. Interest may be charged on overdue balances.

##### **Impairment of financial assets**

The Company considers evidence of impairment for these assets at both an individual asset and a collective level at each reporting date. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified.

Additionally, the Company has Trade and Other Receivables that are subject to IFRS 9's new expected credit loss model. Therefore, the Company was required to amend its impairment methodology for Trade and Other Receivables.

The impact of the change in impairment methodology on the Company's retained earnings and equity is disclosed in consolidated statement of changes in equity.

While cash and cash equivalents and some of other financial assets (non-current and current) measured at amortised cost such as loan receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

##### **Offsetting of balances within financial assets**

In line with IAS 32, the Company has a legally enforceable right, and there is an intention to settle on a net basis, through signed legal agreements, to offset cash deposits and overdrafts that are in cash-pool arrangements with relationship banks. The Company does not offset other financial assets and liabilities where there is no legally enforceable right to do so.

## Notes (continued)

### Taxation

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### Foreign currency

The Company's functional currency and presentation currency is pounds sterling. Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The Company does not apply hedge accounting of foreign exchange risks in its Company financial statements.

### Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### Employee benefits

#### *Defined contribution plans*

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.



## Notes (continued)

### 2 Revenue from contracts with customers

The analysis of the Company's revenue for the year from continuing operations by geographical market is as follows:

	<b>2018</b> <b>£000</b>	2017 £000
UK & Europe	10,766	16,721
Rest of the World	188	(706)
Total	<u><b>10,954</b></u>	<u><b>16,015</b></u>

The Company operates in one business segment, being media communications.

### 3 Expenses and auditors' remuneration

Included in the Profit and Loss Account are the following:

	<b>2018</b> <b>£000</b>	2017 £000
Auditor's remuneration	21	11
Exchange gains and losses	<u>114</u>	<u>142</u>

There are no amounts receivable by the Company's auditor and its associates in respect of services to the Company other than the audit of the Company's financial statements.

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was as follows:

	<b>2018</b> <b>No.</b>	2017 No.
Staff during the year	<u>44</u>	<u>57</u>

The aggregate payroll costs of these persons were as follows:

	<b>2018</b> <b>£000</b>	2017 £000
Wages and salaries	3,314	2,850
Social security costs	266	248
Other pension costs	78	123
	<u><b>3,659</b></u>	<u><b>3,221</b></u>

## Notes (continued)

### 5 Directors' remuneration

	2018 £000	2017 £000
Directors' remuneration	<u>—</u>	<u>—</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>—</u>	<u>—</u>

The directors of the Company were also either employees or directors of another Group entity. The directors did not receive any remuneration for their services as directors of the Company, and do not consider it practicable to apportion their remuneration between their services as directors of the Company and their services as employees or directors of another Group entity.

### 6 Other interest receivable and similar income

	2018 £000	2017 £000
Interest income from deposits held with group undertakings	190	156
	<u>190</u>	<u>156</u>

### 7 Interest payable and similar expense

	2018 £000	2017 £000
Interest payable on loans held with group undertakings	15	21
	<u>15</u>	<u>21</u>

## Notes (continued)

### 8 Taxation

#### (a) Recognised in the profit and loss account

	2018 £000	2017 £000
<i>UK Corporation Tax</i>		
Current tax on income for the period	1,236	2,091
Adjustments in respect of prior periods	(37)	–
Deferred Tax	–	–
Adjustment in respect of prior periods	–	–
Total tax charge on ordinary activities	<u>1,199</u>	<u>2,091</u>

#### (b) Reconciliation of effective tax rate

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax for the year	6,505	10,854
Total tax expense	<u>1,199</u>	<u>2,090</u>
Profit excluding taxation		
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	1,236	2,090
Non-deductible expenses	–	1
Adjustments in respect of prior periods	(37)	–
Tax charge on ordinary activities	<u>1,199</u>	<u>2,091</u>

The main rate of corporation tax for 2018 is 19%, however the UK Government enacted legislation which will reduce the rate to 17% from 1 April 2020. It is expected that this will reduce any future current tax charge accordingly.

## Notes (continued)

### 9 Debtors

	2018 £000	2017 £000
Trade receivables and accrued income	702	131
Amounts owed from related parties	50,110	50,285
Prepayments	1	5,340
Other debtors	1,190	1,606
	<u>52,003</u>	<u>57,362</u>

### 10 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	734	930
Accruals and deferred income	12,873	18,184
Taxation and social security	3,377	4,112
Amounts due to related parties	952	5,186
Other creditors	626	-
	<u>18,562</u>	<u>28,412</u>

### 11 Capital and reserves

#### Share capital

	2018 No.	2018 £000	2017 No.	2017 £100
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	100	-	100	-

### 12 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Aegis International Limited, a company incorporated in the United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by 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 the group headed by Dentsu Aegis Network Ltd. No other group financial statements include the results of the Company.

### 13 Subsequent events

There are no subsequent events.