Amnet Limited

Annual report and financial statements

Registered number 3148086

31 December 2017

Contents

Strategic report

The directors present their strategic report for the year ended 31 December 2017.

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 P7. The Directors are pleased to report a strong year of trading with revenue of £16,015,000 (2016: £16,198,000) and year on year growth in profit before tax to £10,854,000 (2016: £10,040,000). This is the result of a mix of new client wins and the retention of key existing customers in the year. As such, the Directors believe that the Company has a solid basis for generating future revenue growth opportunities. Employee numbers at the end of the year were 57 (2016: 53).

The Balance Sheet on page P8 of the Financial Statements shows the Company's financial position. At 31 December 2017 the Company was in a net assets position of £30,093,000. The directors do not consider this to impede the Company's ability to meet its liabilities as and when they fall due, given the Company has access to considerable financial resources from within the group headed by Dentsu Aegis Network Ltd.

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 2.4% in 2017 (2016: 53.4% increase)
- Revenue decreased by 1.1% in 2017 (2016: 28.0% increase)
- Profit before tax increased by 8.1% in 2017 (2016: 45.2% increase)

Principal risks and uncertainties
The Directors consider 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.

Maintaining strong client relationships
Risk description - Loss of key clients and/or failure to win new ones.
Potential risk impact - Loss of profit; Subsequent loss of key managers.
Risk management strategy - To remain a highly-competitive organisation to help win new clients and continue to provide a high-quality service to existing clients.
Risk mitigation actions - Dedicated client relationship teams are in place, as well as global client management teams established in regional offices.

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

N Thomas
Director

15 October 2018

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 2017.

Principal activity
The Company's divisions and subsidiaries provide 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 £716,000 (2016: £1,058,000) on research and development.

Financial instruments
The Company does not use derivative financial instruments.

Proposed dividend
There were no dividends paid or declared in 2017 (2016: nil).

Directors

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

Mr. Nicholas Thomas
Ms Tracy de Groose (Resigned 13 Oct 2017)
Ms Mary Basterfield (Resigned 9 Feb 2018)
Mr Matthew Platts (appointed 13 Nov 2017)

Company secretary
A Moberly

Directors' report *(continued)*

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.

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.

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.

Other information

No significant events have occurred since the end of the financial year and the company's principle activities remain unchanged.

Auditor

During the year ended 31 December 2016 Ernst and Young LLP resigned as auditor, and KPMG LLP was subsequently appointed. 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

Nick Thomas

N Thomas
Director

10 Triton Street, Regents Place, London, NW1 3BF
Date15 October 2018

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 year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that reports for the financial year is consistent with the financial statements; and
- in our opinion that report has 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.

Independent Auditor's Report to the members of Amnet Limited
(continued)

Directors' responsibilities

As explained more fully in their statement set out on page 8, 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.

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Styant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 19 October 2018

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2017

	Note	**2017**	***Restated*** 2016
		£000	£000
Turnover*	2	83,815	85,883
Revenue		16,015	16,198
Operating expenses		(5,296)	(6,160)
Operating Profit		10,719	10,038
Other interest receivable and similar income	6	156	45
Interest payable and similar expenses	7	(21)	(43)
Profit before tax		10,854	10,040
Tax on profit on ordinary activities	8	(2,091)	(2,010)
Profit for the year		8,763	8,030
Other comprehensive income		-	-
Total Comprehensive Income		8,763	8,030

* Refer to Note 1 (page 11) where "Turnover" is defined.

Balance Sheet
at 31 December 2017

	Note	**2017**	2016
		£000	£000
Current assets			
Debtors	*9*	57,362	46,893
Cash at bank and in hand	*10*	1,143	1,861
		58,505	48,754
Creditors: Amounts falling due within one year	*11*	(28,412)	(27,424)
Net current Assets		**30,093**	21,330
Net assets		**30,093**	21,330
Capital and reserves			
Share Capital	*12*	-	-
Retained earnings		30,093	21,330
Shareholders' funds		**30,093**	21,330

These financial statements were approved by the board of directors on 15 October 2018 and were signed on its behalf by:

N Thomas
Director

Company registered number: 3148086

Statement of Changes in Equity
for the year ended 31 December 2017

	Retained Earnings £000	Total equity £000
At 1 January 2016	13,300	13,300
Total comprehensive income	8,030	8,030
At 31 December 2016	21,330	21,330
At 1 January 2017	21,330	21,330
Total comprehensive income	8,763	8,763
At 31 December 2017	30,093	30,093

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").* The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

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.

As the consolidated financial statements of Dentsu Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

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

Notes *(continued)*

1 Accounting policies *(continued)*

Restatement of prior year profit and loss account

During the current year, the directors have reconsidered the presentation of Revenue in the profit and loss account for arrangements involving fees for advertising services or commissions on media placements. As the Company acts as an agent not a principal, the directors have reconsidered the accounting for such arrangements, and determined that Revenue presented in the profit and loss account should be the fee/commission amount, rather than the gross amount billed.

In the prior year, Revenue in the profit and loss account was shown as the gross amount billed, with cost of sales reflecting the cost of media purchased. Therefore, in preparing the 2017 financial statements, the amounts included for 2016 in the profit and loss account have been restated, with a reduction of £69,685,000 to the previously presented amount of Revenue and the same reduction of £69,685,000 to cost of sales. This change in presentation has no impact on the amount of profit for 2016.

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.

Measurement convention

The financial statements are prepared on the historical cost basis.

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.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Turnover and 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.

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. Revenue is recognised in line with the underlying arrangements with customers.

Fee and commission revenue is recognised when earned, principally when advertisements appear in the media over the period of the relevant assignments or agreements.

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 Turnover

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

	2017	2016
	£000	£000
UK & Europe	70,977	73,972
Rest of the World	12,838	11,911
Total	**83,815**	85,883

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

3 Expenses and auditors' remuneration

	2017	2016
	£000	£000
Auditor's remuneration	11	15
Exchange gains and losses	142	(161)

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:

	2017	2016
	No.	No.
Staff during the year	57	53

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	2,850	2,788
Social security costs	248	280
Other pension costs	123	78
	3,221	3,146

Notes *(continued)*

5 Directors' remuneration

	2017	2016
	£000	£000
Directors' remuneration	-	17

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

	2017	2016
	No.	No.
Accruing benefits under money purchase pension scheme	-	1

6 Other interest receivable and similar income

	2017	2016
	£ 000	£ 000
Interest income from deposits held with group undertakings	156	45
	156	45

7 Interest payable and similar expense

	2017	2016
	£ 000	£ 000
Interest payable on loans held with group undertakings	21	43
	21	43

Notes *(continued)*

8 Taxation

(a) Recognised in the profit and loss account

	2017 £000	2016 £000
Current Tax		
Current tax on income for the period	2,091	2,008
Adjustments in respect of prior periods	-	-
Deferred Tax		
Arising from origination and reversal of temporary differences	-	2
Adjustment in respect of prior periods	-	-
Total tax credit on ordinary activities	**2,091**	2,010

(b) 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.

(c) Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit before tax for the year	10,854	10,040
Total tax expense	2,090	2,008
Profit excluding taxation		
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	2,090	2,008
Non-deductible expenses	1	0
Tax credit on ordinary activities	2,091	2,008

Notes *(continued)*

9 Debtors

	2017 £000	2016 £000
Trade debtors	131	83
Amounts owed from related parties	50,285	41,771
Prepayments and accrued income	5,340	3,776
Other debtors	1,606	1,263
	57,362	46,893

10 Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	1,143	1,861
	1,143	1,861

11 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	930	2,662
Accruals and deferred income	18,184	17,820
Taxation and social security	4,112	4,563
Amounts due to related parties	5,186	2,379
	28,412	27,424

12 Capital and reserves

Share capital

Allotted, called up and fully paid	2017 No.	2017 £000	2016 No.	2016 £100
Ordinary shares of £1 each	100	-	100	-

13 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.

14 Subsequent events

There are no subsequent events.