D 2 D Limited

Annual report and financial statements

Registered number 04144412

31 December 2020

Contents

Company information

Directors

M Armitage (appointed 20 January 2020)

D Romijn (appointed 10 October 2020)

S Bardega (resigned 21 September 2020)

N Thomas (resigned 5 February 2020)

Company secretary

A Moberly (resigned 29 February 2020)

Registered office

10 Triton Street
Regent's Place
London
NW1 3BF

Auditor

KPMG LLP
Chartered Accountants
15 Canada Square London
E14 5GL

Directors' report

The directors, who served during the year and are shown on page 2, present their report and the Financial Statements of D 2 D Limited ("the Company") for the year ended 31 December 2020.

Principal activity

The Company is an analytics consultancy company, centred on specialist, web-based tools used by clients to gain market insight.

Business review

The results of the Company for the year are set out in the Profit and Loss Account and Other Comprehensive Income on page 10. Revenue was down by 42% in 2020 (5.3% in 2019), and is attributable to a combination of a loss of various big clients this year and loss of projects as a result of Covid 19. The Company made a profit before tax for the financial year of £483,000 (2019: £1,209,000).

The Balance Sheet on page 11 of the Financial Statements shows the Company's financial position. At 31 December 2020 the Company was in a strong net asset position of £8,270,000 (2019: net asset position of £7,880,000).

The directors believe the Company has a healthy pipeline, with numerous projects confirmed for 2021.

Principal risks and uncertainties

The Company's principal risk is from the recovery of amounts owed by trade debtors. This is 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 follow up of customer collections. The Company oversees the management of its trade debtors via regular monitoring of overdue debts against Company targets.

The Company maintains its liquidity via the careful management and timing of its billing to customers and by ensuring that payment terms with suppliers are aligned to those agreed with its customers.

The Company also faces risk due to economic conditions caused by impacts from Brexit and COVID-19. The Company mitigates this risk through regular monitoring of cash and net working capital positions, taking actions to protect operating margins and preserve cash, where necessary.

Going concern

The Company has net assets of £8,270,000 (2019: £7,880,000) and net current assets of £7,873,000 (2019: £7,364,000). The financial statements are prepared on a going concern basis, which the directors consider to be appropriate. The Company meets its day-to-day working capital requirements through its trading and the use of a cash pooling facility provided by the Dentsu International Limited group ("the Group"). The cash pooling facility is a Group facility which automatically includes any surplus cash generated by the Company and provides access to that cash upon request to enable the Company to pay its obligations as they fall due. The Company has assessed its cash flow forecasts for the period of not less than 12 months from the date of the approval of these financial statements, including a short-term decline in revenue growth and the measures the Company has undertaken to protect operating margins and preserve cash and is satisfied that the Company has sufficient cash, as long as it can continue to draw down on the funds it has deposited, and is forecast to deposit, within the cash pooling facility. The Company is therefore dependent on the Group to ensure that the cash pooling facility remains available.

The directors are satisfied that that the cash pooling facility will continue to be made available to the Company as they have considered the Group's forecasts, and projections used in the assessment of going concern which incorporate the Group Board of Directors' latest expectations of the impact of the global response to COVID-19 on business operations and results, including a short-term decline in

Directors' report *(continued)*

Going concern (continued)

revenue growth and the measures the Group has undertaken to protect operating margins and preserve cash. Significant one-off and non-operating expenditures have also been included related to existing and future acquisition activity and restructuring programmes announced in 2019 and 2020. The forecasts have been subjected to various downside scenarios representing further declines in revenues, reductions in margin and deterioration of net working capital.

As with any company (within the Group) providing and accessing its funds to/from the cash pool, the directors acknowledge that there can be no certainty that this facility will continue, although, at the date of approval of these financial statements, they have no reason to believe that this facility will not continue to be made available.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Proposed dividend
There were no dividends paid or declared in 2020 (2019: nil).

Political and charitable contributions
The Company did not make charitable or political donations during the year (2019: £nil).

Research and development
During the year, the Company did not incur any expenditure on research and development (2019: £nil).

Financial instruments
The Company does not have any derivative financial instruments during the year (2019: Nil).

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 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.

Strategic report
The Company has elected not to include a strategic report in these annual financial statements, in line with the exemptions available under s414 of the Companies Act 2006.

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

By order of the Board

....
D Romijn
Director

Date : 22 September 2021
10 Triton Street, Regent's Place, London, NW1 3BF

Statement of directors' responsibilities in respect of the Director's report and the financial statements

The directors are responsible for preparing 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D2D LIMITED

Opinion

We have audited the financial statements of D 2 D Limited ("the Company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, 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 2020 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

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit, legal counsel and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D2D LIMITED *(continued)*

- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that project revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in significant estimates and judgements such as determining the percentage of completion or milestones required for appropriate project revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words, unbalanced entries and posted to unrelated accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, advertising, data protection, commercial and competition laws, regulatory capital and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for 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 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 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;
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report and take advantage of small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D2D LIMITED *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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.

Lilit Barkhudaryan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL.

Date: 22 September 2021

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2020

	Note	2020	2019
	Note	**£000**	£000
Revenue*	*2*	**2,515**	4,355
Operating expenses	*3*	(2,076)	(3,179)
Operating profit		**439**	1,176
Interest receivable and similar income	*6*	44	33
Profit before tax		**483**	1,209
Tax on profit on ordinary activities	*7*	(93)	(205)
Profit for the year		**390**	1,004
Other comprehensive income		–	–
Total comprehensive income for the year		**390**	1,004

The notes on pages 13 – 23 form an integral part of these financial statements.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

*Revenue represents contracts with customers and other Group entities. Revenue from contracts with customers is derived from fees for advertising and media services. Revenue is recognised in line with the underlying arrangements with customers and Group entities.

Balance Sheet
as at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	*8*	336	475
Deferred tax assets	*9*	61	41
		397	516
Current assets			
Debtors	*10*	8,438	8,010
		8,438	8,010
Creditors: Amounts falling due within one year	*11*	(565)	(646)
Net current assets		**7,873**	7,364
Net assets		**8,270**	7,880
Capital and reserves			
Called up share capital	*12*	–	–
Share premium reserve		52	52
Profit and loss account		8,218	7,828
Shareholders' funds		**8,270**	7,880

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

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D Romijn

Director

Date : 22 September 2021

Company registered number: 04144412

The notes on pages 13 - 23 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2020

	Share Capital	**Share Premium**	**Profit and loss account**	**Total equity**
	£000	**£000**	**£000**	**£000**
Balance at 1 January 2019	–	52	6,824	6,876
Profit for the year		–	1,004	1,004
Balance at 31 December 2019	–	52	7,828	7,880
Balance at 1 January 2020	–	52	7,828	7,880
Profit for the year	–	–	390	390
Balance at 31 December 2020	–	**52**	**8,218**	**8,270**

The notes on pages 13 – 23 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

D 2 D Limited ("the Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 04144412 and the registered address is 10 Triton Street, Regent's Place, London, NW1 3BF.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS"), but makes amendments where necessary in order to comply with the 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 Group Inc., includes the Company in its consolidated financial statements. The consolidated financial statements of Dentsu Group Inc. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The Secretary, Dentsu Group 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 International Limited, whose registered address is 10 Triton Street, Regent's Place, London, NW1 3BF.

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

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of capital management;
- 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 Group 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 IAS 36 *Impairment of Assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- 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.

Measurement convention
The financial statements are prepared on the historical cost basis except certain financial assets and financial liabilities are measured at fair value. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Notes *(continued)*

1 Accounting policies *(continued)*

New standards that have been adopted by the Company
No new standards have been adopted by the Company in the current year.

Going concern
The Company has net assets of £8,270,000 (2019: £7,880,000) and net current assets of £7,873,000 (2019: £7,364,000).The financial statements are prepared on a going concern basis, which the directors consider to be appropriate. The Company meets its day-to-day working capital requirements through its trading and the use of a cash pooling facility provided by the Dentsu International Limited group ("the Group"). The cash pooling facility is a Group facility which automatically includes any surplus cash generated by the Company and provides access to that cash upon request to enable the Company to pay its obligations as they fall due. The Company has assessed its cash flow forecasts for the period of not less than 12 months from the date of the approval of these financial statements, including a short-term decline in revenue growth and the measures the Company has undertaken to protect operating margins and preserve cash and is satisfied that the Company has sufficient cash, as long as it can continue to draw down on the funds it has deposited, and is forecast to deposit, within the cash pooling facility. The Company is therefore dependent on the Group to ensure that the cash pooling facility remains available.

The directors are satisfied that that the cash pooling facility will continue to be made available to the Company as they have considered the Group's forecasts, and projections used in the assessment of going concern which incorporate the Group Board of Directors' latest expectations of the impact of the global response to COVID-19 on business operations and results, including a short-term decline in revenue growth and the measures the Group has undertaken to protect operating margins and preserve cash. Significant one-off and non-operating expenditures have also been included related to existing and future acquisition activity and restructuring programmes announced in 2019 and 2020. The forecasts have been subjected to various downside scenarios representing further declines in revenues, reductions in margin and deterioration of net working capital.

As with any company (within the Group) providing and accessing its funds to/from the cash pool, the directors acknowledge that there can be no certainty that this facility will continue, although, at the date of approval of these financial statements, they have no reason to believe that this facility will not continue to be made available.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Separately acquired intangible assets are capitalised at cost.

An internally generated intangible asset arising from the Company's development activities is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probably that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Where these criteria are met, the development expenditure is capitalised at cost. Where they are not met, development expenditure is recognised as an expense in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

Amortisation
Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets (both internally generated and separately acquired) unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software – 33% per annum
- Other – 10% to 20% per annum

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement.

Development costs
Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or services. The expenditure capitalised includes the costs of the materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Office furniture, fixtures, equipment and vehicles – 20% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. The Company's major sources of revenue are from advertising and media services including consulting services centred on specialist web-based tools used by the clients to gain market insight. The consultants are econometricians who analyse and use these tools to prepare insights into marketing effectiveness and provide solutions and meaningful analysis for prospective clients to increase their market share in their given industry. The Company recognises revenue in accordance with the 5-step model established under IFRS 15 'Revenue from contracts with customers'.

Most of the Company's contracts include many interconnected activities which are provided to the customer. In most instances, these activities are not considered distinct, or represent a series of activities which are substantially the same with the same pattern of transfer to the customer. As such, these activities are accounted for as a single performance obligation. However, when there are contracts with activities which are capable of being distinct, these are recognised as separate performance obligations. Where there are contracts with multiple performance obligations, the transaction price is allocated to the separate transaction prices based on relative stand-alone selling prices.

Revenue is recognised as the performance obligation to which it relates is satisfied. Most of the Company's revenue is recognised over time. When the Company recognises revenue over time it uses an appropriate measure, commensurate to the pattern of transfer of the service to the customer, to determine the rate of revenue recognition. These include:

- In proportion to the level of time worked as a percentage of total expected time worked on the contract
- In proportion to the costs incurred as a percentage of total expected costs
- In line with milestones delivered to the customer.

Assets and liabilities related to contracts with customers
Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. These are presented within Debtors 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 Creditors in the balance sheet are considered contract liabilities.

Financial instruments

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. All of the Company's financial assets are classified and subsequently measured at amortised cost described below:

Financial assets at amortised cost
The Company classifies its financial assets as measured at amortised cost only if both of the following criteria are met.

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

All of the Company's financial assets, which includes trade and other receivables and cash, are categorised and valued at amortised cost. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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 current year balances are included net in Note 10 as part of "Amount due from related parties". The Company does not offset other financial assets and liabilities where there is no legally enforceable right to do so.

Financial liabilities and equity
Management determines the classification of its financial liabilities as either debt or equity at initial recognition according to the substance of the contractual arrangements entered into. All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVPL as described below:

Financial liabilities measured at amortised cost using the effective interest method
Financial liabilities measured at amortised cost using the effective interest method are non-derivative financial liabilities which are not designated on initial recognition as liabilities at fair value through profit or loss. Any subsequent Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss

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.

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.

Interest receivable and similar income
Interest income is recognised on an accruals basis which is earned on deposits held with group undertakings.

Notes *(continued)*

1 Accounting policies *(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.

Key Accounting estimates and judgements

The Company makes estimates and judgements concerning the future, and the resulting estimates may, by definition, vary from the related actual results. The directors consider the critical accounting estimates and judgements to be:

Revenue recognition

Judgement is required in selecting the appropriate timing and amount of revenue recognised including determining the percentage of completion or milestones delivered. Revenue is only recognised to the extent that it is not highly probable to result in significant reversal and, where there is a performance related element, to the extent to which the performance criteria have been met.

Impairment

In determining whether an impairment loss has arisen on goodwill or intangible assets, the Company makes judgements over the value-in-use of its cash-generating units. In calculating the value-in-use of a cash-generating unit, the Company makes estimates of future forecast cash flows and discount rates to derive a net present value of these cash flows and determine if an impairment has occurred. Key areas of judgement include the forecasted revenue growth and operating margins, as well as the determination of the long-term growth rate applicable to each cash-generating unit.

Deferred tax

The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation of temporary differences. In particular, an assessment is required of whether it is probable that there will be suitable future taxable profits, against which any recognised and unrecognised deferred tax assets can be utilised.

Notes *(continued)*

2 Revenue

The Company operates in one business segment, being project fees and one geographical segment, being the United Kingdom and Europe. The analysis of the Company's revenue for the year from continuing operations by geographical market is as follows:

	2020	2019
	£000	£000
UK & Europe	2,515	4,355
	2,515	4,355

Revenue by activity:	**2020**	2019
	£000	£000
Project fees*	2,515	4,355
	2,515	4,355

*The Total Revenue also includes Licensing fees which is not material as compared to the Project fees.

Assets and liabilities related to contracts with customers
Contract assets balances recognised at 31 December 2020 total £248,000 (2019: £555,000). These balances are presented within Debtors 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.

Revenue recognised in relation to contract liabilities
Deferred income balances presented within Creditors in the balance sheet are considered contract liabilities. Revenue recognised in the reporting period that had been included in the contract liability balance at the beginning of the period was £148,000 (2019: £95,000). Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods is immaterial.

Unsatisfied long-term performance obligations
The amount disclosed does not include variable consideration which is constrained. As permitted under IFRS 15, a practical expedient has been applied and the transaction price allocated to unsatisfied performance obligations for contracts with an expected duration of less than one year is not disclosed.

Assets recognised from costs to obtain or fulfil a contract
As at 31 December 2020 and 31 December 2019, there are no material contract assets in relation to the costs to obtain or fulfil contracts with customers.

3 Expenses and auditors' remuneration

Included in the Profit and loss account are the following:

Amortisation expense	249	221
Depreciation expense	–	4

The audit fee of £27,300 (2019: £10,000) was borne and not recharged by a fellow subsidiary within the Dentsu International group.

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.

Notes *(continued)*

4 Staff numbers and costs

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

	2020	2019
	No.	No.
Marketing consultants	**22**	32

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	1,468	2,210
Social security costs	137	243
Other pension costs – contributions	51	97
	1,656	2,550

5 Directors' remuneration

	2020	2019
	£000	£000
Directors' remuneration	–	303
Company contributions to money purchase schemes	–	21
	0	324

During the year the number of directors who were receiving retirement benefits was as follows:

	2020	2019
	No.	No.
Accruing benefits under money purchase pension scheme	–	2

For the entirety of 2020, 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. No director was a member of the Company's pension scheme

Notes *(continued)*

6 Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from deposits held with group undertakings	**44**	33

7 Taxation

(a) Recognised in the profit and loss account

	2020 £000	2019 £000
UK Corporation Tax		
Current tax on income for the period	113	245
Adjustments in respect of prior periods	–	(23)
Deferred tax		
Charge for the year	(20)	(17)
Adjustment in respect of prior periods	–	–
Tax on profit on ordinary activities	**93**	205

(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% (2018: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before taxation	483	1209
Tax using the UK corporation tax rate of 19% (2018: 19%)	92	230
Adjustments in respect of prior years	–	(23)
Deferred tax rate change	–	(3)
Non-deductible expenses	1	1
Tax charge on ordinary activities	**93**	205

Notes *(continued)*

(c) Change in corporation tax rate

The main rate of corporation tax for 2020 is 19% (2019: 19%), of the estimated assessable profit for the year. The Government announced in the 2021 Budget that the corporation tax rate will remain at 19% until 1 April 2023, when it will be increased to 25%.

8 Intangible assets

	Software
	£000
Cost	
Balance at 1 January 2020	1,521
Additions	110
Balance at 31 December 2020	1,631
Amortisation	
Balance at 1 January 2020	1,046
Charge for the year	249
At 31 December 2020	1,295
Net book value	
At 31 December 2019	475
At 31 December 2020	**336**

9 Deferred tax assets

	2020	2019
	£000	£000
Deferred Tax Assets	**61**	41

The deferred tax asset is in respect of depreciation in excess of capital allowances, tax losses and other short-term timing differences.

10 Debtors

	2020	2019
	£000	£000
Trade debtors	260	417
Amount due from related parties	7,900	6,965
Prepayments	25	68
Accrued income	248	555
Other debtors	5	5
	8,438	8,010

Notes *(continued)*

The amount due from group undertakings are non-interest bearing and repayable on demand. The amount is not expected to be repaid within one year.

11 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
UK Corporation tax payable	358	373
Other taxation and social security	43	118
Other payables	3	–
Accruals	13	60
Deferred income	148	95
	565	646

12 Allotted, called up and fully paid shares

	2020		2019	
	Number	£	Number	£
Share capital				
Ordinary A shares of £0.01 each	1,639	–	1,639	–
Ordinary B shares of £0.01 each	800	–	800	–
	2,439	–	2,439	–

13 Ultimate parent company and parent company of larger group

D 2 D Limited is a wholly owned subsidiary of Dentsu London Limited. The smallest group in which the results of the Company are consolidated is that headed by Dentsu International Limited, whose registered address is 10 Triton Street, Regent's Place, London, United Kingdom, NW1 3BF.

The ultimate parent company and controlling party is Dentsu Group Inc., a company incorporated in Tokyo and registered in Japan. The consolidated financial statements of these groups can be obtained from: The Secretary, Dentsu Group Inc., 1-8-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7001.