MMA Technologies Limited

Registered Company Number 5091837

Report and Financial Statements

31 December 2019

Directors
Simon Jones (resigned 27 January 2020)
Simon Zinger
Nick Priday
Paul Gordon (appointed 27 January 2020)

Company Secretary
Andrew Moberly (resigned 29 February 2020)
Mary Hitchon (appointed 16 March 2020)

Auditor
KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Banker
The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Solicitor
Slaughter and May
One Bunhill Row
London EC1Y 8YY

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

Registered No. 5091837

Strategic report

The directors present their strategic report for the year ended 31 December 2019.

Principal activities and review of the business

MMA Technologies Limited (the "Company") is a wholly-owned subsidiary of Dentsu Aegis Network Ltd (the "Group") and is part of the Group's global corporate operations.

The principal activity of the Company is that of a parent undertaking and will continue to be so for the foreseeable future. There have not been any significant changes in the Company's principal activities in the year under review.

Dentsu Aegis Network Ltd manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group's global operations, which includes the Company, is discussed in the Group's Annual Report which does not form part of this Report.

Results and dividends

MMA Technologies Limited reported a profit for the financial year ended 31 December 2019 of €25,072k (2018: did not report any income or expenses). The functional currency is Euros as all business is transacted in this currency.

The Company paid no dividend in 2019 (2018 – €nil).

Principal risks and uncertainties

The components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk and cash flow risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the directors do not consider any of these risks to be significant to the Company. Group risks are discussed in the Group's Annual Report which does not form part of this Report.

COVID-19

On 11 March 2020, the World Health Organisation declared the spread of COVID-19 a global pandemic. Since then, unprecedented measures have been taken by governments across the world to reduce the spread of the disease and protect the health of their citizens. These measures have included lockdowns, closure of services, restrictions on business operations, travel bans and quarantines. The economic impact of this has been felt globally with reduced output, business failures, market volatility and government interventions.

During this global crisis, the Company has proactively taken a number of actions to enable activities to continue to be funded. These include:

- actions to preserve operating margin and cash;
- measures to increase liquidity in partnership with Dentsu Group Inc.; and
- increased monitoring of cash and net working capital positions.

Consideration of the impact on other areas of the financial statements is discussed in Note 13 (Subsequent events).

Management, including Board level, will continue to monitor developments and take further action to mitigate its impact on the Company's operations as necessary.

Strategic report (continued)

Section 172 reporting

A statement describing how the Directors have performed their Section 172 duties over the financial year through stakeholder engagement is included below.

Society

In 2017, in recognition of our role and the increasing influence of digital communications, the Group established Society as an official stakeholder of the business and announced a new social purpose: Dentsu Aegis Network will create a digital economy that works for all. The Social Impact strategy sets out our plan and ambitions for achieving this with a focus on digital and creative skills, diversity and inclusion and the potential of media and advertising to drive delivery of the UN Sustainable Development Goals. This strategy is underpinned by an ambitious set of goals, including our ambition to procure 100% renewable electricity and reduce our carbon footprint by 40% per FTE by 2020.

In 2019 we procured 90% of our electricity from renewable sources, building on our strong environmental progress in 2018. We also increased our CDP rating to A-, outperforming our sector. This puts us on track to hit our 2020 environmental goals. We have launched our global accelerator programmes and reported progress against the related 2020 goals for the first time, making excellent progress against two of our social goals (to reach 1 billion people with sustainable development goal led campaigns and to support 100 female founded businesses). A delay in launching our digital skills initiative "The Code" means we are unlikely to hit our goal of supporting 100,000 people to improve their digital skills by 2020, however the programme is now live in nine markets.

Shareholders

The Company's parent company is Dentsu Aegis Network Limited and the ultimate parent company is Dentsu Group Inc, a company listed on the Tokyo Stock Exchange. Given that DAN Ltd accounts for a large proportion of Dentsu Group Inc's revenue, it is essential that Dentsu Group Inc is kept informed of DAN Ltd's performance and that the Company's Board acts in the best interests of the Group. To that end, the parent Company's directors include several senior Dentsu executives including Toshihiro Yamamoto, President and CEO of Dentsu Group Inc. Tokyo based directors attend board meetings where they receive formal updates in relation to DAN's operational and financial performance and acquisition opportunities consistent with the delivery of the Group's strategy. In addition, they are kept informed about the Company's day-to-day management through various Dentsu Group Inc management forums of which the CEO, CFO and Director of HR are members. This assists the Group in making decisions and reviewing performance as "One Dentsu".

On behalf of the Board

Paul Gordon
Director
20 July 2020

Directors' report

The directors of MMA Technologies Limited (the 'Company') present their Directors' report and the audited financial statements for the year ended 31 December 2019.

Directors

The directors who served during the period were:

Simon Jones (resigned 27 January 2020)
Simon Zinger
Nick Priday
Paul Gordon (appointed 27 January 2020)

Going concern

The directors continue to adopt a going concern basis in preparing the financial statements. Further details are set out in note 1 to the financial statements.

Disclosure of information to the auditor

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

Auditor

KPMG LLP served as auditors for the 31 December 2019 financial year.

On behalf of the Board

Paul Gordon

20 July 2020

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

Statement of directors' responsibilities in respect of the strategic report, the directors' 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;
- 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 MMA Technologies Limited

Opinion

We have audited the financial statements of MMA Technologies Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result 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").

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 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 (continued)

to the members of MMA Technologies Limited

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 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.

Independent auditor's report (continued)
to the members of MMA Technologies Limited

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.

Natalia Bottomley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

21 July 2020

Statement of comprehensive income

for the year ended 31 December 2019

	Notes	*2019* €000	*2018* €000
Interest receivable and similar income	5	**68**	-
Dividend received	6	**25,000**	-
Profit before taxation		**25,068**	-
Taxation	7	**4**	-
Profit for the financial year		**25,072**	-
Total comprehensive income for the financial year		**25,072**	-

The accompanying notes form an integral part of the financial statements

All amounts relate to continuing activities.

Balance sheet

at 31 December 2019

	Notes	2019 €000	2018 €000
Non-current assets			
Investments	8	**72,146**	72,146
		72,146	72,146
Current assets			
Debtors: amounts receivable in more than one year	9	**25,112**	44
		25,112	44
Creditors: amounts falling due within one year	10	**(72,159)**	(72,163)
Net current liabilities		**(47,047)**	(72,119)
Net assets		**25,099**	27
Capital and reserves			
Called up share capital	11	**1**	1
Profit and loss account		**25,098**	26
Shareholders' funds		**25,099**	27

The accompanying notes form an integral part of the financial statements.

Registered Company Number 5091837 England and Wales.

These financial statements were approved by the Board of Directors on 20 July 2020 and were signed on behalf of the Board of Directors by:

Paul Gordon
Director

Statement of change in equity

for the year ended 31 December 2019

	Called up share capital	*Profit and loss account*	*Total*
	€000	€000	€000
At 1 January 2018	1	26	27
Profit for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2018	1	26	27
At 1 January 2019	**1**	**26**	**27**
Profit for the financial year	**-**	**25,072**	**25,072**
Total comprehensive income for the year	**-**	**25,072**	**25,072**
At 31 December 2019	**1**	**25,098**	**25,099**

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

for the year ended 31 December 2019

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

MMA Technologies Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 5091837 and the registered address is 10 Triton Street, Regents Place, London, NW1 3BF. The financial statements of MMA Technologies Limited for the year ended 31 December 2019 were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), Companies Act 2006 and applicable accounting standards. The financial statements are prepared under the historical cost convention, modified to include the revaluation of financial instruments.

The financial statements are prepared in Euros € and are rounded to the nearest thousand Euros (€000).

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Dentsu Group Inc., a company incorporated under the laws of Japan. The results of MMA Technologies Limited are included in the consolidated financial statements of Dentsu Group Inc. which can be obtained from: The Secretary, Dentsu Group Inc., 1-8-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7001.'

Going Concern

The Company's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Company's financial results, its cash flows, liquidity requirements and borrowing facilities are set out in the Strategic Report and in the accompanying Financial Statements.

In determining whether it is appropriate to continue to adopt the going concern basis in preparing the financial statements for 2019, the Directors have considered the following factors:

- The Company's balance sheet position and cash flow forecasts
- The maturity profile of the Company's borrowings, its plans for refinancing and the Company's access to credit facilities
- The impact of the global response to COVID-19 on the Company's funding requirements
- Funding and support provided by the Company's parent company

Notwithstanding net current liabilities of €47,047K as at 31 December 2019, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate. This is because the Company relies on Dentsu Aegis Network Ltd to provide such financial support as is required to meet its day to day financing requirements either directly or indirectly. The Directors have considered the ability of Dentsu Aegis Network Ltd to provide such financial support as might be required by the Company and accordingly have prepared the financial statements on a going concern basis.

In respect of this financial support, the Directors have considered Dentsu Aegis Network Ltd's forecasts and projections used in the assessment of going concern incorporate the Dentsu Aegis Network Ltd 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. 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 placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that this support will not continue.

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.

Notes to the financial statements (continued)

for the year ended 31 December 2019

2. Accounting policies

Basis of preparation

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

(a) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;

(b) the requirements of IFRS 7 Financial Instruments disclosures;

(c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

(d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;

(e) the requirements of IAS 7 Statement of Cash Flows;

(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;

(h) the requirements in IAS 24 Related Party Disclosures to disclosed related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

(i) the effects of new but not yet effective IFRSs.

Foreign currencies

The functional currency of the Company is Euros as the majority of the Company's business is conducted in Italy and accordingly amounts in the financial statements are denominated in that currency.

Transactions in foreign currencies are translated into Euros at the rates of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates of exchange ruling at that date and any exchange differences are taken into the profit and loss account for the year.

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

Investments

Investments in associates and subsidiary undertakings are stated at cost, less impairment loss.

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Notes to the financial statements (continued)

for the year ended 31 December 2019

2. Accounting policies (continued)

Income taxes

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Investment income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Classification and measurement of financial assets

Management determines the classification and subsequent measurement of the financial asset based on the contractual terms at the initial recognition date and is not subsequently reclassified unless the Company changes its business model for managing financial assets. 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.

Notes to the financial statements (continued)

for the year ended 31 December 2019

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)
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 receivables are categorised as 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.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income (FVOCI) are initially measured at fair value, and subsequently measured at fair value with movements in fair value recorded in other comprehensive income. FVOCI comprise:

- Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses being recognised in OCI and are never reclassified to profit and loss.
- Debt securities where the contractual cash flows are solely principal and interest on specified dates, and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets at fair value through profit or loss
The group classifies the following financial assets and derivative financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets carried at FVPL are initially recorded at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Notes to the financial statements (continued)

for the year ended 31 December 2019

2. Accounting policies (continued)

Financial instruments (continued)
Financial assets (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 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The Company uses the simplified provision matrix approach to calculate its expected credit losses taking into account various factors including the ageing of receivables, the credit rating of customers, market risk and any relevant credit enhancements.

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.

Financial liabilities and equity

Classification and measurement
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. The classifications include the following:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss (FVPL) are either designated in this category; or they are held for trading, such as an obligation for securities borrowed in a short sale which are required to be returned in the future. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Subsequent to initial recognition, financial liabilities at fair value through profit or loss measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities measured at amortised cost using the effective interest method
Other 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.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity instruments. Equity instruments issued by the Company are recorded at the value of proceeds received, net of direct issue costs.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes to the financial statements (continued)

for the year ended 31 December 2019

3. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements during the year were €900 (2018 – €900).
The audit fee for the Group is outlined in note 6 to the consolidated financial statements of Dentsu Aegis Network Ltd. The fee is borne by Dentsu Aegis Network Ltd on behalf of the Group and includes the audit of the MMA Technologies Limited company financial statements.

4. Directors' remuneration and employees

The Company had no employees during the current or prior year.

Remuneration for directors of the Company is disclosed in note 7 of the consolidated financial statements of Dentsu Aegis Network Ltd. It is paid by the Dentsu Aegis Network Ltd parent entity. The amount that relates to Aegis International Limited has not been disclosed on the basis that management are unable to make a reasonable apportionment of the total remuneration that relates to qualifying services provided by the directors to the Aegis International Limited entity.

5. Interest receivable and similar income

	2019	*2018*
	€000	*€000*
Interest received from Group undertakings	**68**	-

6. Dividends received

	2019	*2018*
	€000	*€000*
Dividends received	**25,000**	-

7. Taxation

Tax on profit	***2019***	*2018*
	€000	*€000*
Profit before taxation	**25,068**	-
Tax on profit at statutory rate of 19% (2018: 19%)	**(4,763)**	-
Tax effect of income not taxable	**4,750**	-
Prior year adjustment	**17**	-
Total current tax credit	**4**	-

UK corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year.

The Government announced in the 2020 Budget that the corporation tax rate will remain at 19% from 1 April 2020 and not be reduced to 17%.

Notes to the financial statements (continued)

for the year ended 31 December 2019

8. Investments

Shares in subsidiary undertakings

	2019	2018
Cost and net book value	***€000***	*€000*
At 1 January	72,146	72,146
At 31 December	**72,146**	72,146

Details of the subsidiaries in which the Company holds 20% or more of the nominal value of any class of share capital are listed in note 15.

9. Debtors: amounts receivable in more than one year

	2019	*2018*
	€000	*€000*
Amounts due from Group undertakings	**25,112**	44

10. Creditors: amounts falling due within one year

	2019	*2018*
	€000	*€000*
Amounts due to Group undertakings	**72,146**	72,146
Group tax relief	**13**	17
	72,159	72,163

Where amounts due to Group undertakings are of a loan nature, the amounts are repayable on demand and are interest free.

11. Called-up share capital

		2019		*2018*
	No.	***€000***	***No.***	*€000*
Ordinary shares of €1 each issued and fully paid	1,000	1	1,000	1
		1		1

The Company has one class of ordinary shares which carry no right to fixed income. The ordinary shares each have full voting rights.

The Company issued no shares in the year (2018. Nil).

Notes to the financial statements (continued)

for the year ended 31 December 2019

12. Contingent liabilities

The Company has entered into a cross-guarantee arrangement with fellow subsidiary undertakings and granted a guarantee to the National Westminster Bank in respect of the net overdraft of Dentsu Aegis Network Ltd. The overdraft facility is £20m and was undrawn as at 31 December 2019. The facility was also undrawn at the date of signing these financial statements.

13. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Dentsu Group Inc which is the ultimate parent company and controlling party.
The largest group in which the results of the Company are consolidated is that headed by Dentsu Group Inc., 1-8-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7001. The smallest group in which they are consolidated is that headed by Dentsu Aegis Network Ltd and the registered address is 10 Triton Street, Regents Place, London, NW1 3BF. No other group financial statements include the results of the Company. The consolidated financial statements of these groups 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.

14. Subsequent events

COVID-19

On 11 March 2020, the World Health Organisation declared the spread of COVID-19 a global pandemic. Although a novel disease was identified in China in late 2019, the significant development and spread of COVID-19 and the subsequent international response did take place until after the financial reporting date of 31 December 2019. As such, the Company has determined that these events are non-adjusting post-balance sheet events and therefore these financial statements exclude the effects of the COVID-19 outbreak in their preparation. The exception to this is in respect of the going concern assessment as IAS 1 requires that management consider all available information up to the date the financial statements are signed. This assessment is made in the Director's Report and Note 1 to the accounts.

Although amounts recognised in the financial statements are not adjusted to reflect non-adjusting events, IAS 10 'Events after the Reporting Period' requires entities to disclose an estimate of financial impact for material categories of non-adjusting events.

As at the date of signing these financial statements, the full duration and impact of the COVID-19 pandemic remains unclear. Nonetheless, the Directors have not identified any information which suggests significant adjustments are required to be disclosed in respect of balance sheet items in these financial statements.

Notes to the financial statements (continued)

for the year ended 31 December 2019

15. Subsidiaries

The entities listed below in sections 1 and 2 are subsidiaries of the Company as at 31 December 2019. The results (or the relevant proportion of the results) for all of the subsidiaries which are deemed to be controlled by the Company have been consolidated within the Group financial statements.

Section 1 – Subsidiaries/branches held directly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Full Address
MMA Technologies LTF (Branch)	Italy	100	via Benigno Crespi nr. 23, Milano, 20159

Section 2 – Subsidiaries held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Full Address
Amnet Italia S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Amplifi Italia srl	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
CARAT ITALIA SPA	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
carat luxury s.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Deepblue Srl	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Dentsu Aegis Network Italia spa	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Dentsu X SRL	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
IProspect S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Isobar Communications S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
LOW S.r.l.	Italy	100	corso Buenos Aires 10, 20124 Milano, Italy
Media Village S.r.l.	Italy	10	via Benigno Crespi nr. 23, Milano, 20159
MKTG SRL	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Simple Agency S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
The Big Now spa	Italy	100	corso Buenos Aires 10, 20124 Milano, Italy
VIZEUM S.P.A.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Amnet Italia S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159