Gleam Futures Limited

Annual financial statements
Registered number 08135577
31 December 2021

Contents

Directors' report

The directors, who served during the year and are shown below, present their report and the financial statements of Gleam Futures Limited ("the company") for the year ended 31 December 2021.

Principal activity

The company's principal activity is providing talent management services to digital-first talent who have built their audiences and following via social media platforms.

Research and development

The company did not undertake any research and development during the year (2020: nil).

Proposed dividend

On 21 October 2021, dividends of £894,409 (2020: £0) were declared and paid to Gleam Group Limited, the 100% shareholder of the Company.

Financial instruments

The company's derivative financial instruments were immaterial during the year.

Directors

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

M Iskas (resigned 31 March 2021)
J S Morris
D Romijn
D M Smales (resigned 16 April 2021)
L Loveridge
M McCoy
P Hughes
N S Sperrin (appointed 20 October 2021)

Employment policies

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

The directors are committed to maintain and develop communication and consultation procedures with employees, who in turn are encouraged to become aware of and involve themselves in the performance of their own division and the company as a whole.

Political and charitable contributions

The company made no charitable donations during the year (2020: £0). There were no political contributions nor political expenditure incurred during the year (2020: £0).

Going concern

The company has net assets of £6,543,422 (2020: £5,674,951) and net current assets of £6,534,416 (2020: £5,642,930). 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 cash generated from its trading and the use of a cash-pooling facility provided to participating subsidiaries in the group headed by Dentsu International Limited ("the Group"). The cash-pooling facility involves the daily closing cash position for participating subsidiaries, whether positive or negative, being cleared to £nil via daily bank transfers to / from Dentsu International Limited, and the company can draw down on the cash pool to enable it to pay its obligations as they fall due, where required.

Directors' report *(continued)*

The directors have assessed the company's cash flow forecasts for the period of not less than 12 months from the date of the approval of these financial statements ("the going concern assessment period"), including a short-term decline in revenue growth and the measures the company has undertaken to protect operating margins and preserve cash, and are satisfied that the company has sufficient cash to meet its liabilities as they fall due during the going concern assessment period, as long as it can continue to draw down on funds from the cash-pooling facility during this period as required. The company is therefore dependent on the Dentsu International Limited to ensure that the cash-pooling facility remains available to the company and has sufficient funds in the going concern assessment period.

Dentsu International Limited is itself reliant on continued and additional financial support from Dentsu Group Inc. (the ultimate parent) during the going concern assessment period. Dentsu Group Inc. has indicated its intention to continue to make available such funds to Dentsu International Limited to enable Dentsu International Limited to meet its financial liabilities (and where necessary the financial liabilities of its subsidiaries) as they fall due and continue to trade for the going concern assessment period. 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 it will not do so.

Also, as with any company providing and accessing its funds to/from the cash pool, the directors acknowledge that there can be no certainty that the Group cash-pooling 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 to the company.

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.

Other information

The company continues to focus on its integration and collaboration within the group headed by Dentsu International Limited, including future growth in the broader talent management offering and maximising cross-selling opportunities.

The company continues to focus on a number of key areas, which include:

- actions to preserve operating margin and cash;
- measure to increase liquidity in partnership with Dentsu International Limited; and
- increased monitoring of cash and net working capital positions.

Management continues to monitor developments and will take further action to mitigate any impact on the company's operations as necessary.

Audit exemption

For the year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

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D Romijn
Director

Date: 7 September 2022
10 Triton Street, Regent's Place, London, NW1 3BF

Statement of directors' responsibilities in respect of the Directors' 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 the directors 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 to 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 andto prevent and detect fraud and other irregularities.

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	2	9,614,294	8,023,062
Cost of sales		(3,649,144)	(2,736,783)
Gross profit		**5,965,150**	5,286,279
Administrative expenses		(3,835,354)	(3,830,396)
Operating profit	3	**2,129,796**	1,455,883
Interest receivable and similar income	7	6,559	12,351
Interest payable and similar charges	8	(76)	(34)
Profit before tax		**2,136,279**	1,468,200
Tax charge	9	(373,399)	(279,415)
Total comprehensive income		**1,762,880**	1,188,785

The notes on pages 7 – 20 form an integral part of these financial statements

Balance Sheet
as at 31 December 2021

	Note	2021 £	2020 £
Fixed Assets			
Intangible assets	11	–	3,281
Tangible assets	12	–	707
Investments		60	60
Deferred tax asset	13	21,640	40,667
		21,700	44,715
Current assets			
Debtors	14	4,576,873	7,037,151
Cash at bank and in hand	15	6,893,342	3,015,595
		11,470,215	10,052,746
Creditors: Amounts falling due within one year	16	(4,935,799)	(4,409,816)
Net current assets		**6,534,416**	5,642,930
Total assets less current liabilities		**6,556,116**	5,687,645
Creditors: Amounts falling due after more than one year			
Provisions for liabilities	17	(12,694)	(12,694)
Net assets		**6,543,422**	5,674,951
Capital and reserves			
Share capital	18	122	122
Profit and loss account		6,543,300	5,674,829
Shareholders' funds		**6,543,422**	5,674,951

For the year ending 31 December 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D Romijn
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D Romijn
Director
Company registered number: 08135577

Date: 7 September 2022

The notes on pages 7 – 20 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2020	122	4,486,044	4,486,166
Total comprehensive income for the year	–	1,188,785	1,188,785
Balance at 31 December 2020	122	5,674,829	5,674,951
Balance at 1 January 2021	122	5,674,829	5,674,951
Total comprehensive income for the year	–	1,762,880	1,762,880
Dividends paid	–	(894,409)	(894,409)
Balance at 31 December 2021	**122**	**6,543,300**	**6,543,422**

The notes on pages 7 – 20 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1. Accounting policies

Gleam Futures Limited ("the company") is a private company limited by shares that is registered, incorporated and domiciled in England and Wales. The registered number is 08135577 and the registered office of the company is 10 Triton Street, Regent's Place, London, NW1 3BF.

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

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of 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.

In these financial statements, the company has applied the exemptions available under FRS 101 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 and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Dentsu 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 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.

1.1 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)*

1.2 Going concern

The company has net assets of £6,543,422 (2020: £5,674,951) and net current assets of £6,534,416 (2020: £5,642,930). 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 cash generated from its trading and the use of a cash-pooling facility provided to participating subsidiaries in the group headed by Dentsu International Limited ("the Group") The cash pooling facility involves the daily closing cash position for participating subsidiaries, whether positive or negative, being cleared to £nil via daily bank transfers to / from Dentsu International Limited, and the company can draw down on the cash pool to enable it to pay its obligations as they fall due, where required.

The directors have assessed the company's cash flow forecasts for the period of not less than 12 months from the date of the approval of these financial statements ("the going concern assessment period"), including a short-term decline in revenue growth and the measures the company has undertaken to protect operating margins and preserve cash, and are satisfied that the company has sufficient cash to meet its liabilities as they fall due during the going concern assessment period, as long as it can continue to draw down on funds from the cash-pooling facility during this period as required. The company is therefore dependent on the Dentsu International Limited to ensure that the cash-pooling facility remains available to the company and has sufficient funds in the going concern assessment period.

Dentsu International Limited is itself reliant on continued and additional financial support from Dentsu Group Inc. (the ultimate parent) during the going concern assessment period. Dentsu Group Inc. has indicated its intention to continue to make available such funds to Dentsu International Limited to enable Dentsu International Limited to meet its financial liabilities (and where necessary the financial liabilities of its subsidiaries) as they fall due and continue to trade for the going concern assessment period. 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 it will not do so.

Also, as with any company providing and accessing its funds to/from the cash pool, the directors acknowledge that there can be no certainty that the Group cash-pooling 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 to the company.

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.

1.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

Notes *(continued)*

1. Accounting policies *(continued)*

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.

1.4 Revenue

Turnover represents revenue from contracts with customers. The company's major source of revenue is commission from talent contracts, solutions and studio jobs. The company recognises revenue in accordance with the 5-step model established under IFRS 15 'Revenue from contracts with customers'. Further information on how the company recognises revenue is outlined below.

The company recognises revenue when it has a binding contract with a customer. Revenue is recognised as it transfers control of a product or service to a customer. Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties where the company is acting as an agent. The company acts as a principal when the services are controlled by the company prior to being transferred to customers. An assessment of key indicators including pricing discretion, inventory riskand primary responsibility, is performed to establish if the company is an agent or a principal in a particular contract.

Revenue is recognised as the performance obligation to which it relates is satisfied. 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 relatives stand-alone selling prices.

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 trade receivables and accrued income and mainly represent accrued income where a performance obligation has been satisfied but the right to consideration is conditional and has not yet been billed. Deferred income balances presented within Trade and other payables in the balance sheet are considered contract liabilities.

1.5 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee
At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, plus an estimate of costs

Notes *(continued)*

1. Accounting policies *(continued)*

1.5 Leases (*continued*)

to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the company is reasonably certain to exercise;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss. The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Creditors' in the statement of financial position.

Short-term leases and leases of low-value assets
The company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.6 Interest Income

Interest income is recognised in profit or loss using the effective interest method.

Notes *(continued)*

1. Accounting policies *(continued)*

1.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.8 Current and deferred 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.

1.9 Pensions

Defined contribution pension plan
The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

1.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Intangible assets are amortised over their estimated useful lives of 3 years, on a straight-line basis.

Notes *(continued)*

1. Accounting policies *(continued)*

1.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:
Fixtures and fittings - 3 years
Office equipment - 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.12 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:

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.

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 on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All receivables are categorised as amortised cost.

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)*

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. Financial assets (equity and debt securities) classified and measured at FVOCI should meet the criteria below:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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.

Derivative contracts

Derivatives contracts, including interest rate swaps and foreign exchange forward contracts, are not basic financial instruments.

Derivatives contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in interest payable and similar expenses or interest receivable and similar income as appropriate.

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 14 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

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 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.

Notes *(continued)*

1. Accounting policies *(continued)*

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.

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 are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Investments in subsidiaries, associates and joint ventures
Investments in subsidiaries, associates and joint ventures, are held in the company balance sheet at cost less any provisions for impairment.

Investments are assessed at each reporting date to determine whether there is objective evidence that they are impaired. An investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the investment, and that the loss event had a negative effect on the expected future cash flows of the investment. An impairment loss is calculated as the difference between its carrying amount and the discounted value of the expected future cash flows.

Critical accounting estimates and judgements
In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and futures periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Revenue recognition
Judgement is required in selecting the appropriate timing and amount of revenue recognised. 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.

Notes *(continued)*

2. Revenue

The company operates in one business 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:

Geographical market:

	2021	2020
	£	£
UK & Europe	9,614,294	8,023,062
	9,614,294	8,023,062

Revenue by activity:	2021	2020
	£	£
Talent management commissions	3,814,416	4,684,518
Project revenue	5,799,878	3,338,544
	9,614,294	8,023,062

Assets and liabilities related to contracts with customers
Contract asset balances recognised at 31 December 2021 total £1,091,269 (2020: £595,595). 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.

Contract liabilities relate to advanced consideration received but not recognised as revenue at the period end, and consists of deferred income of £288,382 (2020: £540,320).

Revenue recognised in the reporting period that had been included in the contract liability balance at the beginning of the period was £540,320. Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods is immaterial.

3. Operating profit

Included in the Profit and Loss Account are the following:

	2021	2020
	£	£
Amortisation of intangible assets, including goodwill	3,281	9,734
Depreciation of tangible fixed assets	707	21,917
Exchange differences	(2,429)	(20,331)

4. Auditor's remuneration

	2021	2020
	£	£
Audit of these financial statement	–	30,121

Notes *(continued)*

5. Employees	2021	2020
	No.	No.
Directors	–	2
Administrative employees	2	5
Direct employees	49	40
	51	47

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,813,667	2,772,582
Social security costs	154,888	18,431
Other pension costs – contributions	111,291	42,379
	3,079,846	2,833,392

6. Director's remuneration

	2021	2020
	£	£
Directors' emoluments	206,998	445,548
Company contributions to defined contribution pension schemes	8,953	3,587
	215,951	449,135

Other than the directors' remuneration mentioned above (which is also remuneration for the highest-paid director), the remuneration of the other directors of the Company were borne and not recharged by Dentsu UK Limited, another entity within the Dentsu International Limited Group. The Company does not consider it practicable to apportion their remuneration between their services as directors of the Company and their services as employees or directors of Dentsu UK Limited.

7. Interest receivable

	2021	2020
	£	£
Other interest receivable	6,559	12,351

8. Interest payable and similar expenses

	2021	2020
	£	£
Other interest payable	76	34

Notes *(continued)*

9. Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax charge for the year	383,572	311,016
Adjustment in respect of prior years	(29,200)	5,142
Total current tax	**354,372**	316,158
Deferred tax		
Charge/(credit) for the year	19,027	(31,006)
Adjustment in respect of prior years	–	(5,737)
Total deferred tax	**19,027**	(36,743)
Taxation on profit	**373,399**	279,415

Factors affecting tax charge for the year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below

	2021	2020
	£	£
Profit before tax	2,136,279	1,468,200
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	405,893	278,958
Effects of:		
Expenses not deductible for tax purposes	1,900	1,052
Adjustments to tax charge in respect of prior periods	(29,200)	(595)
Deferred tax rate change	(12,842)	–
Change in deferred tax rate	7,648	–
Total tax charge for the year	373,399	279,415

10. Dividends

	2021	2020
	£	£
Dividends paid	**894,409**	–

On 21 October 2021, dividends of £894,409 (2020: £0) were declared and paid to Gleam Group Limited, the 100% shareholder of the Company.

Notes *(continued)*

11. Intangible fixed assets

	£
Cost	
At 1 January 2021 and at 31 December 2021	29,239
Amortisation	
At 1 January 2021	25,958
Charge for the year	3,281
At 31 December 2021	29,239
Net book value	
At 31 December 2021	–
At 31 December 2020	3,281

Amortisation of intangible assets is included within administrative expenses in the Profit and loss account and other comprehensive income.

12. Tangible fixed assets

	Furniture & Fittings £	Office equipment £	Total £
Cost			
At 1 January 2021 and 31 December 2021	176,715	105,113	281,828
Depreciation			
At 1 January 2021	176,715	104,406	281,121
Charge for the year	–	707	707
At 31 December 2021	176,715	105,113	281,828
Net book value			
At 31 December 2021	–	–	–
At 31 December 2020	–	707	707

13. Deferred tax asset

	Assets 2021 £	Assets 2020 £
Accelerated timing differences	1,863	1,592
Short term timing differences	19,777	39,075
Total	**21,640**	40,667

Notes *(continued)*

14. Debtors

	2021	2020
	£	£
Trade debtors	2,862,617	2,267,276
Amounts owed from related parties	621,661	3,600,908
Other debtors	–	503,818
Prepayments and accrued income	1,092,594	665,149
	4,576,873	7,037,151

15. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	**6,893,342**	3,015,595

Cash and cash equivalents comprise cash balances and call deposits.

16. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	863,245	1,577,108
Amounts owed to group undertakings	1,456,937	686,653
Corporation tax	665,886	637,164
Other taxation and social security	344,106	565,149
Other creditors	689,644	52,925
Accruals and deferred income	915,981	890,817
	4,935,799	4,409,816

17. Provisions

	2021	2020
	£	£
At 1 January 2021	12,694	52,892
Charged to profit and loss	–	(40,198)
At 31 December 2021	**12,694**	12,694

18. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
12,196 (2020 – 12,196) Ordinary shares of £0.01 each	122	122

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £111,291 (2020: £42,379). Contributions totalling £0 (2020: £3,007) were payable to the fund at the balance sheet date.

Notes *(continued)*

20. Ultimate parent company and parent company of larger group

The company is a wholly owned subsidiary of Gleam Group Limited. The smallest group in which 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 this group can be obtained from: The Secretary, Dentsu Group Inc., 1-8-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7001.