

Dentsu International Regents Place Finance Limited (formerly DAN Regents Place Finance Limited)

Company Registration Number 9853918

Report and Financial Statements

31 December 2020



Contents

Strategic report	3
Directors' report	5
Statement of directors' responsibilities in respect of the annual report and the financial statements	6
Independent auditor's report to the members of Dentsu International Regents Place Finance Limited	7
Profit and Loss Account and Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes	14

Dentsu International Regents Place Finance Limited (formerly DAN
Regents Place Finance Limited)

Directors

Nick Priday
Peter Pontidas
Stuart Jarrold

Company secretary

Mary Hitchon (appointed 16 March 2020)
Andrew Moberly (resigned 29 February 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. 9853918

Strategic report

The directors present their strategic report for the year ended 31 December 2020.

Principal activities and review of the business

Dentsu International Regents Place Finance Limited (the 'Company') is a wholly-owned subsidiary of Dentsu International Limited (the "Group") and is part of the Group's global corporate operations.

The principal activity of the Company is to provide finance to companies within the Group and it will continue to be so for the foreseeable future.

Dentsu International Limited 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

Dentsu International Regents Place Finance Limited reported a profit for the year ended 31 December 2020 of £13,057K (2019: loss of £2,348K).

The Company has not paid any dividends during the year (2019 - £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 only financial risk the directors consider relevant to this Company is interest rate risk.

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 International 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, in 2020 we achieved the ambition of procuring 100% of our electricity from renewable sources, where markets allow (some markets do not have sufficient access to renewable energy to satisfy demand), and delivered a 43% reduction in carbon emissions per FTE against our 2015 baseline. We achieved an A- in CDP, outperforming our sector and set a new target to achieve Net Zero emissions by 2030. We exceeded our 2020 target of reaching 1 billion people with campaigns relating to the UN Sustainable Goals, reaching 1.67 billion people, and helped raise over \$14bn for malaria through our pro bono partnership with global charity Malaria No More. We also achieved our goal of supporting 100 female entrepreneurs through our flagship mentoring programme Female Foundry. Whilst the pandemic constrained our people's ability to volunteer, we successfully digitised our digital skills programme The Code and continue to deliver this to school children in eleven countries across the world.

We have increased our focus on building a diverse and inclusive workforce committing to mandatory training on inclusion and bias for all employees. In 2020, 35% of our senior leaders were female.

Shareholders

The Company's parent company is Dentsu International Limited and the ultimate parent company is Dentsu Group Inc, a company listed on the Tokyo Stock Exchange. Given that DIL accounts for a large proportion of Dentsu Group Inc's revenue, it is essential that Dentsu Group Inc is kept informed of DIL's performance and that the Company's Board acts in the best interests of the Group. To that end, the 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 DIL'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



Stuart Jarrold
Director
24th September 2021

Directors' report

The directors of Dentsu International Regents Place Finance Limited (the 'Company') present the annual report and the audited financial statements for the year ended 31 December 2020.

Dentsu International Regents Place Finance Limited (formerly DAN Regents Place Finance Limited) filed a certificate of incorporation of name change on the 27th January 2021.

Directors

The directors who served during the period and thereafter were:

Nick Priday
Peter Pontidas
Stuart Jarrold

Breakup basis

The financial statements have been prepared on a breakup basis as at 31 December 2020. Further details are set out in note 1 to the financial statements.

Disclosure of information to the auditor

So far as the persons who were the directors at the date of approving this report are 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 the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves 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 2020 financial year, 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.

On behalf of the Board



Stuart Jarrold
Director
24th September 2021
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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report

to the members of Dentsu International Regents Place Finance Limited

Opinion

We have audited the financial statements of Dentsu International Regents Place Finance Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of 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 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.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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 inquiring the directors and inspection of policy documentation as to the company's policies and procedures to prevent and detect fraud that apply to this company as well as inquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Independent auditor's report (continued)

to the members of Dentsu International Regents Place Finance Limited

Fraud and breaches of laws and regulations – ability to detect (continued)

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 discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

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.

Independent auditor's report (continued)

to the members of Dentsu International Regents Place Finance Limited

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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 Dentsu International Regents Place Finance 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.

A handwritten signature in black ink, appearing to read 'Holly Freeman', is positioned above the printed name.

Holly Freeman (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

United Kingdom

24th September 2021

Profit and Loss Account and Other Comprehensive Income

		2020	2019
for the year ended 31 December 2020	<i>Notes</i>	£000	£000
Interest receivable and other income	4	13,759	5,580
Interest payable and similar charges	5	-	(6,786)
Profit/(Loss) before taxation		13,759	(1,206)
Tax	6	(702)	(1,142)
Profit/(Loss) for the financial year		13,057	(2,348)
Total comprehensive income/(loss) for the year		13,057	(2,348)

All amounts relate to continuing activities.

The accompanying notes on pages 14 to 20 form an integral part of the financial statements.

Balance sheet

at 31 December 2020

	Notes	2020 £000	2019 £000
Current assets			
Cash at bank		1	1
Debtors: amounts receivable within one year	7	<u>172,991</u>	<u>160,300</u>
		172,992	160,301
Current liabilities			
Creditors: amounts payable within one year	8	<u>(1,762)</u>	<u>(2,128)</u>
Net current assets		171,230	158,173
Net assets		171,230	158,173
Capital and reserves			
Called-up share capital	9	2	2
Share premium account	9	3	3
Distributable reserves account	9	128,850	128,850
Profit and loss account		<u>42,375</u>	<u>29,318</u>
Shareholders' funds		171,230	158,173

Company registration number 9853918 England and Wales.

The accompanying notes pages 14 to 20 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 24th September 2021 and were signed on behalf of the Board of Directors by:



Stuart Jarrold
Director

Statement of changes in equity

at 31 December 2020

	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Distributable reserves account</i>	<i>Total</i>
	£000	£000	£000	£000	£000
Balance at 1 January 2019	2	3	31,666	128,850	160,521
Loss for the financial year	-	-	(2,348)	-	(2,348)
Total comprehensive loss for the year	-	-	(2,348)	-	(2,348)
Balance at 31 December 2019	2	3	29,318	128,850	158,173
Balance at 1 January 2020	2	3	29,318	128,850	158,173
Profit for the financial year	-	-	13,057	-	13,057
Total comprehensive income for the year	-	-	13,057	-	13,057
Balance at 31 December 2020	2	3	42,375	128,850	171,230

The accompanying notes on pages 14 to 20 form an integral part of the financial statements.

Notes to the financial statements

For the period ended 31 December 2020

1. Accounting policies

With effect from 27 January 2021, the name of the company was changed from DAN Regents Place Finance Limited to Dentsu International Regents Place Finance Limited.

Dentsu International Regents Place Finance Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 9853918 and the registered address is 10 Triton Street, Regents Place, London, NW1 3BF. The financial statements for the year ended 31 December 2020 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.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2020. The financial statements are prepared in pounds sterling and are rounded to the nearest thousand pounds (£000).

1.1. Basis of preparation

The Company has taken 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 disclose 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.

1.2. Measurement convention

The financial statements for the year ended 31 December 2020 and year ended 31 December 2019 are prepared in accordance with FRS 101 Reduced Disclosure Framework, international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), with particular attention paid to the requirements of IFRS 9, IAS 36 and IAS 37

1.3. Breakup basis

After year end, proactive actions have been taken to liquidate this entity as part of a wider legal entity rationalization exercise. As a result the Directors have concluded that the use of the going concern basis for preparation of the financial statements is not appropriate.

The financial statements have been prepared on a breakup basis as at 31 December 2020. As a consequence, the current assets have been measured at their expected realisable value. The current liabilities are measured and presented at their expected settlement values.

Notes to the financial statements (continued)

For the period ended 31 December 2020

1. Accounting policies (continued)

1.4. Foreign currencies

The Company's functional currency and presentation currency is pounds sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.5. Income taxes

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

1.6. Interest income

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

1.7. Financial instruments

(i) 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.

(ii) 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 period ended 31 December 2020

1. Accounting policies (continued)

1.7. Financial instruments (continued)

(ii) 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 Company 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 period ended 31 December 2020

1. Accounting policies (continued)

1.7. Financial instruments (continued)

(ii) 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.

(iii) 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.

Notes to the financial statements (continued)

For the period ended 31 December 2020

1. Accounting policies (continued)

1.7. Financial instruments (continued)

(iii) Financial liabilities and equity (continued)

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.

2. Directors' remuneration and employees

The Company had no employees during the period.

Remuneration for directors of the Company is disclosed in note 7 of the consolidated financial statements of Dentsu International Limited. It is paid by the Dentsu International Limited parent entity. The amount that relates to Dentsu International Regents Place Finance 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 Dentsu International Regents Place Finance Limited entity.

3. Auditors remuneration

Nominal fees payable to the Company's auditor for the audit of the Company's annual financial statements during the period were £1,800 (2019: £1,800).

The audit fee for the Group is outlined in note 6 to the consolidated financial statements of Dentsu International Limited. The fee is borne by Dentsu International Limited on behalf of the Group and includes the audit of the Dentsu International Regents Place Finance Limited Company financial statements.

4. Interest receivable and other income

	2020	2019
	£000	£000
Interest received from other Group undertakings	3,697	5,580
Net foreign exchange gain	10,062	-
	<u>13,759</u>	<u>5,580</u>

Notes to the financial statements (continued)

For the period ended 31 December 2020

5. Interest payable and similar charges

	2020	2019
	£000	£000
Net foreign exchange loss	-	6,786
	<u>-</u>	<u>6,786</u>

6. Taxation

Tax on profit/(loss) on ordinary activities

	2020	2019
	£000	£000
Profit/(Loss) before taxation	<u>13,759</u>	<u>(1,206)</u>
Tax on profit/(loss) at statutory rate of 19% (2019: 19%)	(2,614)	229
Expenses not deductible for tax purposes	1,912	(1,289)
Prior year adjustment	-	(82)
Withholding tax written off	-	-
Total current tax charge	<u>(702)</u>	<u>(1,142)</u>

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

7. Debtors receivable within one year

	2020	2019
	£000	£000
Amounts owed by Group undertakings	<u>172,991</u>	<u>160,300</u>

Dentsu Aegis Network Australia Pty Ltd issued a loan note to Dentsu International Regents Place Finance Limited on 9 December 2015 for a principal amount of AUD 266.0m. The loan note was repayable at an interest rate of AUD Bank Bill Swap rates (BBSW 6M) plus margin of 1.71%.

In November 2017, Dentsu Aegis Network Australia Pty Ltd issued a further loan note to Dentsu International Regents Place Finance Limited of AUD 25.0m. The loan note was repayable at an interest rate of RBA Cash Target Rate (RBACTRD index) plus margin of 3.5%

Both loans with Dentsu Aegis Network Australia Pty Ltd was transferred to Aegis Group Holdings Ltd on 1 November 2018. The repayment terms in the transfer deed have no changes from the original loan note.

Notes to the financial statements (continued)

For the period ended 31 December 2020

8. Creditors payable within one year

	2020	2019
	£000	£000
Group relief payable	1,762	2,128
	<u>1,762</u>	<u>2,128</u>

9. Reserves

Called up share capital

	2020	2019
	No. £000	No. £000
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	2,000 <u>2</u>	2,000 <u>2</u>

10. Contingent liabilities

The Company has entered 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 International Limited. The overdraft facility is £20m and was undrawn as at 31 December 2020. The facility was also undrawn as at the date of signing these financial statements.

11. Ultimate parent company and parent company of a 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 International Limited (formerly Dentsu Aegis Network Limited) 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.