Dentsu Sports Europe, Limited

Directors' report and financial statements
Registered number 06351498
31 December 2021

WEDNESDAY
ABDZZEDK
A03 05/10/2022 #114
COMPANIES HOUSE

Contents

Directors' Report

The directors of Dentsu Sports Europe, Limited ('the Company') present their report and the financial statements for the year ended 31 December 2021.

The Company has taken the exemption not to prepare a strategic report on the basis that it qualifies as a small company under section 414B of the Companies Act 2006.

Principal Activity

The principal activity of the Company is the provision of sports marketing and related services in Europe and globally.

Results

The profit for the year, after taxation, amounted to £949,080 (2020: £843,014)

Dividend

No dividends were paid for the year 2021 (2020: £331,815)

Directors

The directors who held office during the year were as follows:
Tetsuya Murakami
Tomohiro Nakano
Satoru Kishiwada
Koji Enami
Kunihito Morimura (Appointed 24 June 2021)

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Post balance sheet events

The Directors are not aware of any significant post-balance sheet events that require disclosure in the financial statements other than those disclosed in Note 18.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

Going concern

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. Details of this assessment is disclosed within Note 1.3 to the financial statements.

Number of Employees
The number of employees is 11 (2020:11)

By order of the board

Tomohiro Nakano
Director

City Point
One Ropemaker Street
London
EC2Y 9SS

29 September 2022

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 DENTSU SPORTS EUROPE, LIMITED

Opinion

We have audited the financial statements of Dentsu Sports Europe, Limited ("the Company") for the year ended 31 December 2021, which comprise the statement of comprehensive income and income statement, statement of financial position, 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated or understated through recording revenues in the wrong period.

We also identified a fraud risk related to a corporate credit card which could be used inappropriately by management and an employee for personal expenses.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or seldom accounts.
- Assessing whether a performance obligation of the selected samples has been met as at the balance sheet date.
- Evaluated the business purpose of selected expense transactions.

Identifying and responding to risks of material misstatement related to 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 and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

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

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

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

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

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

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

Directors' report

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

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

Gemma Hancock

Gemma Hancock (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
29 September 2022

Statement of Comprehensive Income and Income Statement

For year ended 31 December 2021

	Note	**Year ended 31 December 2021**	Year ended 31 December 2020
		£'000	£'000
Turnover	2	**2,687**	3,547
Cost of Sales		**(246)**	(1,149)
Gross profit		**2,441**	2,398
Administrative expenses		**(1,710)**	(1,850)
Operating profit		**731**	548
Other income	6	**236**	37
Other expenses	7	**(18)**	(40)
Profit before taxation		**949**	545
Tax on profit		-	298
Profit for the year		**949**	843
Other comprehensive income		-	-
Total comprehensive income for the year		**949**	843

The notes on pages 11 to 20 form part of these financial statements.

Statement of Financial Position
at 31 December 2021

	Note	2021 £000	£000	2020 £000	£000
Fixed assets					
Tangible assets	9	4		5	
			4		5
Current assets					
Stocks	10	124		268	
Debtors (including £7,000 (2020: £10,000) due after more than one year)	11	2,301		1,958	
Cash at bank and in hand		4,849		3,808	
			7,274		6,034
Creditors: amounts falling due within one year	12	(1,737)		(1,447)	
Net current assets			5,537		4,587
Total assets less current liabilities			5,541		4,592
Net assets			5,541		4,592
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account			4,541		3,592
Shareholders' funds			5,541		4,592

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

These financial statements were approved by the board of directors on 29 September 2022 and were signed on its behalf by:

Tomohiro Nakano
Director

Company registered number: 06351498

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 January 2020	1,000	3,081	4,081
Total comprehensive income for the period			
Profit for the year	-	843	843
Total comprehensive income for the period	-	843	843
Transactions with owners, recognised directly in equity			
Dividends	-	(332)	(332)
Balance at 31 December 2020	**1,000**	**3,592**	**4,592**
Balance at 1 January 2021	1,000	3,592	4,592
Total comprehensive income for the period			
Profit for the year	-	949	949
Total comprehensive income for the period	-	949	949
Balance at 31 December 2021	**1,000**	**4,541**	**5,541**

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

Notes
(forming part of the financial statements)

1 Accounting policies

Dentsu Sports Europe, Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 6351498 and the registered address is City Point, One Ropemaker Street, London, EC2Y 9SS.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Dentsu Group Inc. includes the Company in its financial statements. The 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 address of 1-8-1 Higashi Shimbashi, Minato-Ku, Tokyo 105-7001, Japan. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions taken available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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.

1.2 Basis of Preparation

The ultimate and immediate parent company is Dentsu Group Inc., whose financial statements are available at the Dentsu Group Inc. website: www.group.dentsu.com.

The financial statements have been prepared and approved by the Directors in accordance with UK accounting standards in conformity with the requirements of the Companies Act 2006 ("FRS 102").

1.3 Going concern

2021 was the year of transition for the Company. On 1st January 2021, Dentsu Group Inc formed Dentsu Sports International Inc. to consolidate and strengthen the world-wide Dentsu Sports networks and the Company became part of the network. It was also the year of transition in the macro environment. We were still surrounded by uncertainty and economic volatility in the post Covid-19 era, especially macro-economic factors such as the impact of inflation. Changes from internal and external business environments were key elements in the assessment on the Company's operations and financial resources.

In determining whether it is appropriate to continue to adopt the going concern basis in preparing the financial statements for 31 December 2021, the Directors has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements by taking account on the macro-economic factors. As a result of our assessment, the Company will have sufficient funds to meet its liabilities as they fall due for that period. Net current asset as of 31st December 2021 was £5.54 million.

Notes *(continued)*

1. Accounting policies *(continued)*

The Company continues to work closely with Dentsu Inc Sports Division for various international sporting projects for the long term. In addition, the Company attempts to achieve local generated revenues including cross-sales opportunities with existing clients. Taking account on ongoing instability of macro-economic elements, the Company has reviewed the current level of operating expenditures and continues to closely monitor operating costs for the next 12 months and reduce or keep to a minimum in order to improve the Company's liquidity.

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.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

1.6 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Office and computer equipment	-	3 - 5 years
Motor vehicles	-	3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1. Accounting policies *(continued)*

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value and represent payments made to suppliers in advance of invoicing to clients.

1.8 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Turnover

The Company acts as agent for the Company's ultimate parent undertaking, Dentsu Group Inc., on the majority of contracts. The Company historically works for its Sports Division who has direct partnerships with international sports federations. Sports Division consigns the Company for projects with fees and commissions. The Company does not have exposure to the significant risks and rewards associated with the rendering of services.

Turnover that is recognised on the agent basis comprises of fees and commissions earned in respect of gross billings and direct costs excluding any pass through costs. Turnover is recognised when services are performed, in accordance with the terms of arrangements reached with each client.

Turnover that is recognised on the principal basis is recognised as the gross amount and associated costs incurred as cost of sale. For contracts with multiple performances, in principle, sales are recognised at the date of each performance.

For services that cannot be reliably estimated at year end, turnover is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Turnover is stated exclusive of VAT, sales taxes and trade discounts.

1.10 Expenses

Operating lease

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.11 Other expenses

Other expenses include foreign exchange losses that are recognised in the profit and loss account. Other expenses include foreign exchange gains.

Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1. Accounting policies *(continued)*

1.12 Taxation

Tax on the profit or loss for the year comprises of current 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.

1.13 Government Grant

The Government Grant including Coronavirus Job Retention Scheme was utilised and recorded on the performance basis in other income in the financial accounts for the year ended 31 December 2021. The Company recognise the grant when the Company received in full.

2 Turnover

	2021	2020
	£000	£000
Group undertakings	**2,208**	2,187
Third-party	**479**	1,360
Total turnover	**2,687**	3,547

	2021	2020
	£000	£000
By geographical market		
Japan	**2,223**	1,294
Europe	**315**	2,235
Asia (excluding Japan)	**40**	-
Other	**109**	18
	2,687	3,547

Dentsu Sports Europe Ltd is a global sports marketing company and part of Dentsu Group. Our main business includes sponsorship sales and broadcasting rights sales.

Notes *(continued)*

3 Expenses and auditor's remuneration

Auditor's remuneration:

	2021	2020
	£000	£000
Audit of these financial statements	**55**	30

4 Staff numbers and costs

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

	Number of employees	
	2021	2020
Marketing services	**7**	7
Administration	**4**	4
	11	11

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	**736**	879
Social security costs	**159**	150
Contributions to defined contribution plans	**72**	70
	967	1,099

5 Directors' remuneration

	2021	2020
	£000	£000
Directors' remuneration	**109**	62

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £108,910 *(2020:£61,960)*.

Notes *(continued)*

6 Other income

	2021 **£000**	2020 £000
Job Retention Scheme Government Grant	**21**	37
Surrender payment from Berger House	**215**	-
Total other income	**236**	37

The Coronavirus Job Retention Scheme (CJRS) was launched in March 2020 and designed to support employers whose operations have been affected by the coronavirus (COVID-19) pandemic. The scheme was available from March 2020 and was due to end in October 2020. The scheme has been extended from 1 November 2020 to 30 September 2021. The Company used the scheme and received the grant throughout the period.

Dentsu Sports Europe Ltd received surrender payment upon the signature on Deed of Surrender in relation to First Floor, Berger House, 36-38 Berkeley Square, London W1 on 31 March 2021, due to mutually agreed termination of the rental contract for the above office premises based on the break clause.

7 Other expenses

	2021 **£000**	2020 £000
Net foreign exchange loss	**(18)**	(40)
Total other expenses	**(18)**	(40)

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 **£000**	2020 £000
Current tax		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	(298)
Total tax	-	(298)

Analysis of current tax recognised in profit and loss

	2021 **£000**	2020 £000
UK corporation tax	-	(298)
Total current tax recognised in profit and loss	-	(298)

Notes *(continued)*

Reconciliation of effective tax rate

	2021	2020
	£000	£000
Profit for the year	**949**	843
Total tax (credit)/expense under group relief	-	(298)
Profit excluding taxation	**949**	545
Tax using the UK corporation tax rate of 19% (2020:19%)	**180**	104
Effect of:		
Non-deductible expenses	**7**	14
Adjustment in respect of prior years	-	(298)
Group relief claimed for nil consideration	**(187)**	(118)
Total tax (credit)/ expense included in profit or loss	-	(298)

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profit for the year. The UK Government has announced an increase in the corporate tax rate to 25% from April 2023. This rate increase was subsequently enacted on 24 May 2021.

The adjustment in respect of prior years is related to release of corporate tax liability not paid for group relief claimed in prior year. The Company claimed a group relief for the current year period.

9 Tangible fixed assets

	Motor Vehicles	Office and computer equipment	Total
	£000	£000	£000
Cost			
Balance at 1 January 2021	16	29	**45**
Additions	-	3	**3**
Disposals	-	(22)	**(22)**
Balance at 31 December 2021	16	10	**26**
Depreciation and impairment			
Balance at 1 January 2021	16	24	**40**
Depreciation charge for the year	-	4	**4**
Disposals	-	(22)	**(22)**
Balance at 31 December 2021	16	6	**22**
Net book value			
At 1 January 2021	-	5	**5**
At 31 December 2021	-	**4**	**4**

Notes *(continued)*

10 Stocks

	2021	2020
	£000	£000
Work in progress	**124**	268
	124	268

11 Debtors

	2021 £000	2020 £000
Trade debtors	507	552
Amounts owed by other Dentsu group undertakings	1,616	1,271
Other debtors	41	84
Prepayments and accrued income	137	51
	2,301	1,958
Due within one year	2,294	1,948
Due after more than one year	7	10
	2,301	1,958

Debtors include prepayments and accrued income of £7,000 (2020: £10,000) due after more than one year.

12 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to other Dentsu group undertakings	897	951
Other creditors	291	63
Accruals and deferred income	416	433
VAT liability	133	-
	1,737	1,447

Notes *(continued)*

13 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £72,346 *(2020: £70,223)*

14 Capital and reserves

Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	**1,000**	1,000
	1,000	1,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 £000	2020 £000
Less than one year	**52**	62
Between one and five years	**1**	20
	53	82

During the year £215,832 was recognised as an expense in the profit and loss account in respect of operating leases (2020:£194,652).

16 Related parties

Under Financial Reporting Standard 102 the Company is exempt from the requirement to disclose related party transactions with Dentsu Group Inc. and its subsidiary undertakings on the grounds that it is a wholly-owned subsidiary of Dentsu Group Inc.

Notes *(continued)*

17 Ultimate parent company and parent company of larger group

The Company as at 31 December 2021 was a subsidiary undertaking of Dentsu Sports International Co., Ltd. As of 1 January 2021, due to continuing reorganization, the Company's shareholdings were transferred from Dentsu Group Inc to Dentsu Sports International Co., Ltd., and The Company became a subsidiary undertaking of Dentsu Sports International Co., Ltd.

The largest group in which the results of the Company are consolidated is that headed by Dentsu Group Inc., incorporated in Japan. 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 Dentsu Group Inc. of 1-8-1 Higashi Shimbashi, Minato-Ku, Tokyo 105-7001, Japan.

18 Subsequent Events

At the Annual General Meeting held on 21st June 2022, the chairman reported that the business of the meeting approved the proposed declaration of a final dividend to the Company's shareholder Dentsu Sports International Inc., which would amount to £439,953 and was paid on 25th July 2022.