dentsu AEGIS network

Dentsu Aegis Network Ltd

Report and Financial Statements

31 December 2015

Dentsu Aegis Network Ltd

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Dentsu Aegis Network Ltd

Directors
Timothy Andree
Jerry Buhlmann
Tadashi Ishii
Kunihiro Matsushima
Nigel Morris
Shoichi Nakamoto
Nick Priday
Nicholas Rey
Hiroaki Sano
Valerie Scoular
Nicholas Waters

Company secretary
Andrew Moberly

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Auditors
Ernst & Young LLP
London

Solicitors
Slaughter and May
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London EC1Y 8YY

Dentsu Aegis Network Ltd

Strategic Report

The Directors present their Strategic Report on the Group for the year ended 31 December 2015.

Principal Activity

The principal activity of Dentsu Aegis Network Ltd ("the Company") is that of a holding company based in London. Its subsidiaries and related companies provide a broad range of customer solutions across Media and Digital including planning and buying, creative solutions and communication strategies through its branded businesses across the global markets in which it operates. The Company and its subsidiaries, collectively the consolidated Dentsu Aegis Network Ltd Group, are referred to as "the Group".

Strategic Objectives

The strategic objectives of the Group are:

- Increasing our exposure to faster-growing regions;
- Growing our digital profile and capability;
- Broadening our service offering across all of our clients;
- Growing our international client and new business profile; and
- Strengthening our leading position in the top 20 markets, in particular China and the US.

These strategic objectives continue to be supported by a focus on small to mid-size value-enhancing acquisitions.

Key Performance Indicators

During 2015 the Group has continued to perform well, with the following performance against major Key Performance Indicators, which align to the Group's strategic objectives:

- Organic revenue growth of 11.6% (2014: 11.4%)
- Digital revenue up to 49% of the Group's revenue in 2015 (2014: 45%)
- Businesses in faster-growing regions and North America continue to perform well, generating 64.0% of the Group's revenue (2014: 58.7%)
- £116.3m invested in 36 new acquisitions and investments

Operating Review

Overview

In 2015, the Group delivered organic revenue growth of 11.6% (2014: 11.4%). This strong growth was driven by a unique operating model, which continues to be compelling and relevant for our international clients.

Our operating model, enabled by a "One P&L" per market structure, is based on our unique ability to offer clients specialist capabilities on an integrated basis, and has continued to drive our new business performance. Furthermore Dentsu Aegis Network continues to be well positioned, ahead of the peer group, in faster-growing business areas and geographies. The Group continued to increase the proportion of revenue generated through its digital capabilities to 49% from 45% in 2014, through a combination of targeted acquisitions and a focus on placing digital media at the centre of our client offering.

In 2015, the Group generated revenue of £1,972.2m, an increase of 31.3% or 37.6% at constant currency. Continuing growth is supported by 64.0% of revenue generated in faster-growing regions and North America.

The Group continues to invest in targeted acquisitions, with around £116.3m spent in initial consideration on 36 bolt-on acquisitions and investments in 2015, to supplement the Group's footprint in faster growing regions and broaden the Group's service offerings in more markets.

In 2015, there was an increase in Group underlying headcount, excluding the addition of employees brought into the business via acquisition, of 5.9%, from the end of 2014.

EMEA

EMEA revenue increased by 9.8% at reported rates and by 20.9% at constant currency to £835.0m, and delivered organic revenue growth of 12.6%. This was a strong performance, given the relatively low growth environment in a number of markets, particularly in Western Europe, where the majority of major markets delivered double-digit growth during the year. There were also strong performances from the Middle East and Africa. The situation in Russia remains relatively uncertain, but the Group remains optimistic about its prospects there, given its strong position in that market.

Americas

Americas revenue increased by 75.9% at reported rates and by 72.8% at constant currency to £742.0m, and delivered organic revenue growth of 7.1%. At the end of 2014 entities were moved into the DAN Ltd structure in the Americas, excluding the impact of this restructuring revenue increased by 30.0% at reported rates. North America delivered stable growth, with a step-up in performance expected in 2016, as a result of the bolstering of management teams at some of the key agencies in the US as well as the impact of major media wins there in 2015. In Latin America, important markets like Mexico and Argentina produced double-digit growth. In Brazil, there are initial signs of a turnaround in the market, with a further positive impact expected this year from additional advertising expenditure around the Olympic Games in the summer of 2016.

APAC

APAC revenue increased by 23.6% at reported rates and by 26.3% at constant currency to £395.2m, and delivered organic revenue growth of 18.5%. China, the largest market in the region, remains an important part of the long-term future success of the Group. The Group produced double-digit organic growth in China during the year, despite some market volatility during the course of the year as well as good performances across the smaller markets in the region.

Financial Review

The Group generated revenue of £1,972.2m (2014: £1,502.0m), and operating profit of £199.6m (2014: £134.5m). Profit from continuing operations before tax was £143.5m (2014: £104.8m).

The balance sheet shows a strong funding position, and net assets of £712.6m (2014: £750.9m). We ended the year comfortably within our financial covenants, with undrawn available credit facilities of £500.0m (2014: £500.0m). Cash inflows from operating activities during the year were primarily used to invest in new acquisitions, settle deferred acquisition payments and invest in capital assets.

Future Developments

The Directors continue to focus on achieving the strategic targets of the Group, including organic revenue growth and exposure to faster growing regions and Digital.

Principal Risks and Uncertainties

Risk Management Approach

The Group recognises the importance of effective risk management processes and systems. The Board is ultimately responsible for risk management and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. It delegates day to day risk management to its Risk Committees, which report into the Dentsu Aegis Network Audit Committee. There are currently two Risk Committees, the Dentsu Aegis Network Operational Risk Committee, chaired by the Group CEO, which focuses primarily on strategic and trading risks, and the Dentsu Aegis Network Functional Risk Committee, chaired by the Group CFO, which focuses on corporate and Group function risks. The work of the Risk Committees was regularly reviewed by the Audit Committee during 2015.

The Group strategy aims to deliver continued growth whilst managing strategic risk by diversifying client base, country and media. To back this, the Group maintains a strong, flexible balance sheet and ensures that it remains comfortably within its financial covenants.

A summary of our principal risks is as follows:

Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Maintaining strong client relationships	Loss of key clients and failure to win new clients.	Lost profit. Subsequent loss of key managers.	Ensuring we remain a highly competitive organisation to help us win new clients and continue to provide a high quality service to our existing clients.	We have dedicated client relationship teams in place, as well as global client management teams established in regional offices. We develop multiple services, with an emphasis on innovation for our clients.
Managing counterparty risk	Counterparty risks include the loss of income from clients who have cash flow or insolvency problems and potential media buying liabilities in markets where we act as principal.	Lost profit due to bad debt.	Maintaining and developing robust financial and operating systems to ensure we minimise any potential loss of income from third parties.	Due diligence, including credit risk, is undertaken for all new clients and written contracts must be in place before starting any significant work. Ongoing monitoring of existing clients. Group policy requires credit limits to be imposed for all new commercial clients. Global credit insurance policy in place covering the vast majority of our clients.

Principal Risks and Uncertainties (continued)

Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Ensuring strong talent management	Loss of key employees and failure to attract high quality people.	Lost profit.	Talent management is a key priority to ensure we have a strong pipeline of people to develop as our future leaders. We also aim to ensure we are well placed to continue to attract high quality people.	We made significant investment in 2015 to make the Group an attractive place to work. We make developing our future leaders by career planning and training a priority. In particular our Route 500 is a programme for high-potential employees.
Weak economic conditions	Weak economies can lead clients to cut back on media investment and squeeze margins.	Lost profit.	The Group is a diversified business with a strategy to grow our exposure to areas that are less likely to be affected by macro-economic challenges, including faster-growing geographic regions and digital.	Diversify our business into faster-growing product areas and markets. Regular monthly detailed reporting by business units to senior management ensures that senior executives understand local performance. There are regular reforecasts of financial performance presented to the Board. Were sales to slow, controls over costs and working capital would be tightened further to mitigate the loss of profit.
Maintaining a sound financial position	Insufficient liquidity and funding requirements to support the Group's liabilities and manage the growth of the business.	Lack of funds for current operations and future growth.	Maintaining sufficient funding, with secure access to banking facilities, to meet our liabilities and to fund the growth of the business. From a cost perspective, ensuring a cost management culture is integrated throughout the organisation.	We have cash pooling arrangements in place for larger businesses with relationship banks. We maintain daily cash reporting for all operations. We have minimum headroom limits and monitor these regularly. We maintain regular communication with relationship banks and noteholders.

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Managing the targeting and pursuit of acquisition opportunities	Acquisitions need to be value creating and support the Group strategy.	Loss of profit.	Targeting acquisitions which are aligned with the Group's strategy and culture, as well as ensuring they meet specific financial criteria.	We maintain a pipeline of potential targets across a diverse range of geographies and product offerings. All acquisitions require approval by an internal acquisitions committee chaired by the Group CEO. Larger acquisitions have to be agreed by the Board. We aim to limit the initial consideration and pay the consideration over time through earn-out payment structures. There is a Group M&A team in place to support local management in sourcing and acquiring targets. Acquisitions target to deliver a rate of return of at least 30% above our weighted average cost of capital and need to achieve earnings enhancement in the first full year of ownership.
Ensuring acquisitions are fully integrated	Unsuccessful integration of acquired companies	Management distraction.	Post acquisition integration plans in place for all newly acquired entities to ensure they are properly integrated into the Group.	We monitor and report on the integration process at intervals of three months and one year following acquisition, providing additional assistance to those entities requiring more support. We aim to re-brand acquired businesses in the first full year of ownership.
Managing the security of data	Unauthorised access to or inappropriate use of client, employee or other confidential data.	Lost profit, loss of clients and potential reputational damage.	Ensuring robust IT and financial reporting systems in place, in line with best practice data security and compliance regulations, and based on strict internal policies and procedures.	External access to information is protected by the IT security framework which is regularly assessed through vulnerability testing and IT security audits. We insist on confidentiality clauses in employee and supplier contracts.

Principal Risks and Uncertainties (continued)

Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Ensuring legal and regulatory compliance	The Group may be unprepared for legislative and regulatory changes.	Lost profit. Loss of license to operate and/or market damage to management reputation and credibility.	Ensuring compliance with a range of legal and contractual requirements around the world.	The Group Legal team continually monitors changes in regulation with a view to changing Group policies and communicating the changes before they come into force. This team includes a specialist compliance lawyer. Online compliance training packages have been developed to supplement face-to-face training. We have established a regulatory intranet which is utilised as a tracking tool for new and updated regulation and an internal newsletter which updates employees on developments in the area of compliance.
Managing corporate responsibility risks	The Group is unable to respond to the changing regulatory environment around environmental and community responsibility, unable to meet its clients' and employees' sustainability requirements or unable to fulfil stakeholder expectations.	Lost profit. Reputational damage.	Integrating Corporate Responsibility considerations in Group policies and procedures and developing ambitious targets and programmes to turn Corporate Responsibility risks into opportunities.	Development of a network of Corporate Responsibility champions in each market to ensure local compliance through standardised reporting, to develop local action plans to achieve our targets, and to raise awareness.

By order of the Board

Andrew Moberly
Company Secretary
24 March 2016

The Directors present their report and the audited financial statements of the Company (registered number 1403668) for the year ended 31 December 2015.

Branches outside the UK

The Company has a branch in Luxembourg.

Future Developments

The discussion of future developments of the Company has been included in the Strategic Report.

Dividend

No dividends were declared or paid for the year 2015 or 2014.

Financial instruments

Information about the use of financial instruments by the Company and its subsidiaries is given in Note 17 to the financial statements and in the Principal Risks and Uncertainties section above.

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 28 to the financial statements.

Donations

The Group made charitable donations of £0.7m during the year (2014: £0.5m). No political donations were made during the year.

Dentsu Aegis Network Ltd

Directors' Report (continued)

Corporate Governance

The Group is governed by the Dentsu Aegis Network Board, which is made up of 11 Directors who are collectively responsible for the overall success of the Group and for the creation of long-term shareholder value. The Board meets at least 4 times a year and more frequently if business needs require. The list of matters reserved to the Board for decision includes:

- Group strategy, annual budget and operating plans
- Reporting to shareholders
- Dividend policy
- Matters relating to share capital
- Major capital projects, investments and commitments

The governance of the Group is supported by the Audit Committee, which reviews the internal control framework of the Group, working as necessary with the external auditors, internal auditors and the Company's risk committees and reviewing both internal and external reporting. The Committee, whose members are drawn from the Board, meets 4 times a year. Meetings are generally attended by the Group Chairman, CEO and CFO, the external auditors, the Director of Risk and Audit and others including the former chairman of the Aegis Group plc Audit Committee, who acts as a consultant to the Committee. The Committee also meets privately with the internal and external auditors on a number of occasions.

The Board is also supported by the Compensation Committee in matters related to remuneration within the Group. The Committee, whose members are drawn from the Board, meets 4 times a year and its meetings are generally attended by the Group Chairman, CEO and Chief Financial Officer.

Dentsu Aegis Network Ltd

Directors' Report (continued)

Directors

The Directors in office during the year were as set out below.

Name	Title	Appointment or Resignation date
Timothy Andree	Executive Chairman, Dentsu Aegis Network and Executive Vice President, Dentsu Inc.	
Jerry Buhlmann	CEO, Dentsu Aegis Network and Senior Vice President, Dentsu Inc.	
Tadashi Ishii	President & CEO, Dentsu Inc.	
Yuzuru Kato	Director, Dentsu Inc.	Retired 4 February 2016
Kunihiro Matsushima	Executive Officer, Dentsu Inc.	
Nigel Morris	CEO Americas and EMEA, Dentsu Aegis Network	
Shoichi Nakamoto	Senior Executive Vice President & CFO, Dentsu Inc.	
Nick Priday	CFO, Dentsu Aegis Network	
Nicholas Rey	Member of the Board, Dentsu Aegis Network	
Hiroaki Sano	Senior Vice President, Dentsu Inc.	Appointed 4 February 2016
Valerie Scoular	Global HR Director, Dentsu Aegis Network	
Nicholas Waters	CEO Asia Pacific, Dentsu Aegis Network	

Directors' Indemnities

A qualifying third party indemnity ("QTPI"), as permitted by the Articles of Association and sections 232 and 234 of the Companies Act 2006, has been (or will be) granted by the Company to each of its Directors. Under the QTPIs the Company undertakes to indemnify each director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the director is convicted or, in an action that is brought by the Company, judgement is given against the director. Directors resigning from the Board continue to have the benefit of the QTPI for potential liability to third parties that occurred prior to their resignation.

Employment Policies

The Group operates throughout the world and therefore has developed employment policies that meet local conditions and requirements. These policies are based on the best traditions and practices in any given country in which it operates.

Human rights, Diversity and Disability

The Group has a series of human resources policies that require its employees to act respectfully and responsibly at all times. These policies include policies on human rights, diversity and disability.

We are committed to treating each employee and applicant fairly and equitably. Employment decisions are based on merit, experience and potential, without regard to race, nationality, sex, marital status, age, religion or sexual orientation. We are committed to following the applicable labour and employment laws in all of the jurisdictions in which we operate.

We believe that disabled people have the same rights as anyone else to become, and continue to be, employees of the Group. Wherever possible, we provide the same opportunities for disabled people as for others. If any of our employees become disabled we make every effort to keep them in the Group's employment, with appropriate training where necessary.

Employee Involvement

We have employee consultation processes throughout our business in accordance with local laws. In addition, we update all of our employees on a regular basis with Group developments and progress through newsletters, internal publications, senior management notes and face-to-face meetings.

Auditors

Ernst & Young LLP were appointed as auditors in June 2011 and have expressed their willingness to continue in office as auditors.

Directors' Confirmation

Each of the Directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware
- the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Dentsu Aegis Network Ltd

Directors' Report (continued)

Going Concern

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

The Board is satisfied that the Group balance sheet remains strong. The Group remains well-financed with considerable cash and covenant headroom. The Group has sufficient liquidity to meet its obligations with its £500m revolving credit facility remaining undrawn.

During 2015 the Group has continued to generate positive operating cash inflows from operations before tax, acquisitions and capital expenditure.

The main factors contributing to these cash inflows are the retention and growth of the customer base, terms of trade with customers and suppliers and the continuing management of working capital within the Group. The Board has concluded that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient funding to operate within the terms of its available facilities.

The Board has considered various alternative operating and funding strategies should these be necessary and is satisfied that a range of actions including cost reduction activities could be adopted if and when necessary.

After making these enquiries, the Board is satisfied that the Group has sufficient resources to continue in operational existence for the foreseeable future and for this reason the going concern basis continues to be adopted in preparing the financial statements for 2015. Furthermore, no material uncertainties related to events or conditions that may cast a significant doubt about the ability of the Group to continue as a going concern have been identified by the Directors.

By order of the Board

Andrew Moberly
Company Secretary
24 March 2016

Dentsu Aegis Network Ltd

Directors' Report (continued)

Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with FRS101. Under company law the Directors must not approve the accounts 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 the period.

In preparing the parent company and the Group financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group
- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently
- make judgments that are reasonable
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group'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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Directors' report in accordance with the Companies Act 2006 and applicable regulations.

By order of the Board

Jerry Buhlmann	**Nick Priday**
Chief Executive Officer	Chief Financial Officer
24 March 2016	24 March 2016

Independent Auditor's Report to the Members of Dentsu Aegis Network Ltd

We have audited the financial statements of Dentsu Aegis Network Ltd for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and their related notes 1 to 28 and the Parent Company Balance Sheet and its related notes 1 to 18. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December, 2015 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Ernst & Young LLP

Richard Addison (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

24 MAR 2016

Dentsu Aegis Network Ltd

Consolidated income statement

For the year ended 31 December 2015

	Notes	**31 December 2015** £m	31 December 2014 £m
Turnover from continuing operations		**15,657.5**	14,350.3
Revenue from continuing operations		**1,972.2**	1,502.0
Operating expenses		**(1,772.6)**	(1,367.5)
Operating profit from continuing operations	4	**199.6**	134.5
Share of results of associates	13	**13.5**	1.6
Profit from continuing operations before interest and tax		**213.1**	136.1
Investment income	6	**8.0**	7.2
Finance costs	7	**(77.6)**	(38.5)
Net finance costs		**(69.6)**	(31.3)
Profit from continuing operations before tax		**143.5**	104.8
Tax	8	**(52.8)**	(41.8)
Profit for the period from continuing operations		**90.7**	63.0
Discontinued operations			
Gain for the period from discontinued operations		**-**	1.5
Profit for the financial year		**90.7**	64.5
Attributable to:			
Equity holders of the parent (continuing Group)		**79.8**	53.2
Non-controlling interests (continuing Group)		**10.9**	9.8
Equity holders of the parent (discontinued operations)		**-**	1.5
		90.7	64.5

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

Dentsu Aegis Network Ltd
Consolidated statement of comprehensive income
For the year ended 31 December 2015

	2015	2014
	£m	£m
Profit for the period	**90.7**	64.5
Other comprehensive income that may be subsequently reclassified to profit or loss:		
Currency translation differences on foreign operations:		
- Group	**(62.3)**	(88.3)
- Non-controlling interests	**(2.1)**	(0.9)
Net investment hedges of foreign operations	**5.2**	(7.4)
Cumulative foreign exchange losses on disposals	**(2.6)**	-
Cash flow hedges: movements taken to equity	**(2.6)**	(22.1)
Tax movements taken to equity	**0.5**	4.5
Net other comprehensive income that may be subsequently reclassified to profit or loss	**(63.9)**	**(114.2)**
Other comprehensive income that will not subsequently be reclassified to profit or loss:		
Re-measurement losses on defined benefit plans	**0.3**	(1.5)
Net other comprehensive income that will not subsequently be reclassified to profit or loss	**0.3**	(1.5)
Other comprehensive expense for the year, net of tax	**(63.6)**	(115.7)
Total comprehensive income / (expense) for the financial year, net of tax	**27.1**	(51.2)
Attributable to:		
Equity holders of the parent	**18.3**	(60.1)
Non-controlling interests	**8.8**	8.9
	27.1	(51.2)

Dentsu Aegis Network Ltd

Consolidated balance sheet

At 31 December 2015

	Notes	2015 £m	2014 £m
Non-current assets			
Goodwill	10	**1,932.0**	1,786.9
Intangible assets	11	**298.9**	280.8
Property, plant and equipment	12	**134.6**	125.6
Interests in associates and joint ventures	13	**10.1**	21.6
Deferred tax assets	18	**34.7**	29.8
Available-for-sale financial assets	14	**10.6**	32.9
Derivative financial assets	17	**26.3**	8.5
Other financial assets		**35.3**	14.2
		2,482.5	2,300.3
Current assets			
Work in progress		**21.2**	43.8
Trade and other receivables	15	**4,283.4**	3,856.3
Derivative financial assets	17	**0.7**	0.6
Other financial assets		**3.8**	6.1
Cash and short-term deposits	17,25	**679.1**	837.4
		4,988.2	4,744.2
Total assets		**7,470.7**	7,044.5
Current liabilities			
Trade and other payables	16	**(4,833.2)**	(4,514.8)
Borrowings	17	**(212.7)**	(152.1)
Derivative financial liabilities	17	**(23.1)**	(4.2)
Provisions	19	**(3.7)**	(0.5)
Current tax liabilities		**(27.4)**	(30.2)
		(5,100.1)	(4,701.8)
Net current *(liabilities)* / assets		**(111.9)**	42.4
Non-current liabilities			
Borrowings	17	**(1,157.8)**	(1,166.2)
Other non-current liabilities	17,23	**(260.0)**	(225.2)
Derivative financial liabilities	17	**(141.7)**	(100.8)
Provisions	19	**(8.6)**	(18.6)
Deferred tax liabilities	18	**(89.9)**	(81.0)
		(1,658.0)	(1,591.8)
Total liabilities		**(6,758.1)**	(6,293.6)
Net assets		**712.6**	750.9
Equity			
Share capital	20	**78.5**	78.5
Share premium account	21	**724.0**	724.0
Other equity reserves		**0.2**	0.2
Foreign currency translation reserve		**(255.5)**	(195.8)
Retained earnings		**275.6**	216.5
Potential acquisition of non-controlling interests		**(158.4)**	(102.3)
Equity attributable to equity holders of the parent		**664.4**	721.1
Non-controlling interests		**48.2**	29.8
Total equity		**712.6**	750.9

These financial statements were approved by the Board of Directors on 24 March 2016 and were signed on its behalf by:

Jerry Buhlmann (Chief Executive Officer)

Nick Priday (Chief Financial Officer)

Dentsu Aegis Network Ltd
Consolidated cash flow statement
At 31 December 2015

	Notes	**2015 £m**	2014 £m
Cash flows from operating activities			
Cash inflow from operations	25	**288.0**	265.4
Income taxes paid		**(80.3)**	(55.0)
Net cash inflow from operating activities		**207.7**	210.4
Investing activities			
Interest received		**7.1**	7.2
Dividends received from associates		**1.7**	1.4
Net cash paid on purchase of subsidiaries		**(92.8)**	(100.0)
Net cash paid on disposal of subsidiaries		**-**	(3.7)
Net cash invested in associates and joint ventures		**(1.3)**	-
Net cash received on disposal of associates and joint ventures		**20.3**	-
Payments of deferred consideration on current and prior period acquisitions		**(133.6)**	(62.8)
Purchase of property, plant and equipment and intangible assets		**(77.6)**	(65.1)
Proceeds from disposal of property, plant and equipment and intangible assets		**0.7**	0.5
Other investing activities		**(16.0)**	(6.7)
Net cash outflow from investing activities		**(291.5)**	(229.2)
Financing activities			
Dividends paid to non-controlling shareholders		**(8.1)**	(7.4)
Net cash paid on purchase of additional stakes in existing subsidiaries		**(9.1)**	(1.2)
Cash received on disposal of shares to minority interest holders		**16.0**	-
Interest and other financial charges paid		**(57.2)**	(26.2)
Proceeds from borrowings		**136.2**	342.0
Repayments of loans		**(165.7)**	(122.9)
Proceeds on issue of ordinary share capital		**-**	47.0
Other financing activities		**13.2**	(1.3)
Net cash (outflow)/inflow from financing activities		**(74.7)**	230.0
Net (decrease) / increase in cash and cash equivalents	25	**(158.5)**	211.2
Translation differences		**(22.8)**	(22.1)
Cash and cash equivalents at beginning of financial year	25	**830.7**	641.6
Cash and cash equivalents at end of financial year		**649.4**	830.7
Represented by:			
Cash and short-term deposits		**679.1**	837.4
Bank overdrafts	25	**(29.7)**	(6.7)
Cash and cash equivalents at end of financial year		**649.4**	830.7

	1 January 2015 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	**31 December 2015 £m**
Analysis of net debt					
Cash and cash equivalents	830.7	(158.5)	-	(22.8)	**649.4**
Gross debt net of issue costs	(1,311.6)	46.9	(32.8)	(43.3)	**(1,340.8)**
Total	**(480.9)**	**(111.6)**	**(32.8)**	**(66.1)**	**(691.4)**

Dentsu Aegis Network Ltd
Consolidated statement of changes in equity
At 31 December 2015

	Share Capital	Share premium account	Other equity reserves*	Foreign currency translation reserve	Retained earnings	Potential acquisition of non-controlling interests	**Sub-total**	Non-controlling interests	**Total equity**
	£m	£m	£m	£m	£m	£m	**£m**	£m	**£m**
At 1 January 2014	72.2	404.3	0.2	(100.1)	278.3	(40.8)	**614.1**	12.3	**626.4**
Profit for the period	-	-	-	-	54.7	-	**54.7**	9.8	**64.5**
Currency translation differences on foreign operations	-	-	-	(88.3)	-	-	**(88.3)**	(0.9)	**(89.2)**
Net investment hedges of foreign operations	-	-	-	(7.4)	-	-	**(7.4)**	-	**(7.4)**
Cash flow hedges: movements taken to equity	-	-	-	-	(22.1)	-	**(22.1)**	-	**(22.1)**
Re-measurement loss recognised on defined benefit pension schemes	-	-	-	-	(1.5)	-	**(1.5)**	-	**(1.5)**
Tax movements taken to equity	-	-	-	-	4.5	-	**4.5**	-	**4.5**
Total comprehensive income and expense	-	-	-	(95.7)	35.6	-	**(60.1)**	8.9	**(51.2)**
New share capital subscribed	-	47.0	-	-	-	-	**47.0**	-	**47.0**
Acquisition of subsidiaries from parent undertaking	6.3	272.7	-	-	(99.6)	-	**179.4**	-	**179.4**
Transactions with Non-Controlling Interest	-	-	-	-	2.2	(61.5)	**(59.3)**	16.0	**(43.3)**
Dividends	-	-	-	-	-	-	-	(7.4)	**(7.4)**
At 31 December 2014	78.5	724.0	0.2	(195.8)	216.5	(102.3)	**721.1**	29.8	**750.9**
At 1 January 2015	78.5	724.0	0.2	(195.8)	216.5	(102.3)	**721.1**	29.8	**750.9**
Profit for the period	-	-	-	-	79.8	-	**79.8**	10.9	**90.7**
Currency translation differences on foreign operations	-	-	-	(62.3)	-	-	**(62.3)**	(2.1)	**(64.4)**
Net investment hedges of foreign operations	-	-	-	5.2	-	-	**5.2**	-	**5.2**
Cumulative foreign exchange losses on disposals	-	-	-	(2.6)	-	-	**(2.6)**	-	**(2.6)**
Cash flow hedges: movements taken to equity	-	-	-	-	(2.6)	-	**(2.6)**	-	**(2.6)**
Re-measurement loss recognised on defined benefit pension schemes	-	-	-	-	0.3	-	**0.3**	-	**0.3**
Tax on cash flow hedge movements taken to equity	-	-	-	-	0.5	-	**0.5**	-	**0.5**
Total comprehensive income and expense	-	-	-	(59.7)	78.0	-	**18.3**	8.8	**27.1**
Acquisition of subsidiaries from parent undertaking	-	-	-	-	(2.1)	-	**(2.1)**	-	**(2.1)**
Transactions with Non-Controlling Interest	-	-	-	-	(16.8)	(56.1)	**(72.9)**	16.6	**(56.3)**
Dividends	-	-	-	-	-	-	-	(7.0)	**(7.0)**
At 31 December 2015	78.5	724.0	0.2	(255.5)	275.6	(158.4)	**664.4**	48.2	**712.6**

*The other equity reserves relate to the capital redemption reserve

Dentsu Aegis Network Ltd

Notes to the financial statements

For the year ended 31 December 2015

1. General information

Dentsu Aegis Network Ltd (DAN Ltd) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in in the Strategic Report.

These financial statements are presented in pounds sterling (GBP) because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. Basis of preparation

The Dentsu Aegis Network Ltd Group is fully integrated into the Dentsu Aegis Network Group which comprises Dentsu Aegis Network Ltd, the companies directly owned by Dentsu Aegis Network Ltd and the Dentsu Network companies owned directly by Dentsu Inc. (the direct parent entity of Dentsu Aegis Network Ltd). However, any reference to DAN in these Group Financial Statements refers to the Dentsu Aegis Network Ltd Group of companies only.

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') adopted by the European Union. The financial statements have been prepared on the going concern basis of accounting for the reasons set out in the Directors' Report.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out in note 3.

New IFRS accounting pronouncements

At the date of authorisation of these financial statements, the following Standards and Interpretations have not been applied in these financial statements which were in issue but not yet effective for the year:

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IFRS 9 - 'Financial Instruments'
- IFRS 15 'Revenue from contracts with customers'
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'
- Amendments to IAS 27, 'Separate financial statements' on the equity method
- IFRS 14 'Regulatory deferral accounts'
- Amendments to IFRS 11 'Joint Arrangements' on accounting for acquisitions of interests in Joint Operations
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation
- Annual Improvements IFRS 5 'Non-current assets held for sale and discontinued operations' – changes in methods of disposal
- Annual Improvements IFRS 7 'Financial Instruments: Disclosures' – servicing contracts
- Annual Improvements IFRS 7 'Financial Instruments: Disclosures' – applicability of the offsetting disclosures to condensed interim financial statements
- Annual Improvements IAS 19 'Employee Benefits' – discount rate: regional market issue
- Annual Improvements IAS 34 'Interim Financial Reporting' – disclosure of information 'elsewhere in the interim financial report'

The Group does not consider that these Standards and Interpretations will have a significant impact on the financial statements of the Group except for additional disclosures when the relevant standards come into effect.

2. Basis of preparation (continued)

Adoption of standards

In the current financial year, the Group has adopted the following standards and interpretations.

- Annual improvements 2010-2012 cycle
- Annual improvements 2011-2013 cycle
- Amendment to IAS 19 'Defined Benefit Plans: Employee Contributions'
- IFRIC 21 'Levies'

The adoption of these Standards has not led to any substantive changes in the Group's accounting policies.

3. Accounting policies

Principal accounting policies

The principal accounting policies set out below have been consistently applied to all the periods presented in this Annual Report.

Basis of consolidation

(a) Subsidiaries
The consolidated financial statements incorporate the results, cash flows and net assets of Dentsu Aegis Network Ltd and the entities controlled by it (its subsidiaries) drawn up to 31 December each year after eliminating internal transactions and recognising any non-controlling interests in those entities. Control is achieved when the Group:

a) Has power over the acquiree;
b) Is exposed, or has rights, to variable returns from its involvement with the acquiree; and
c) Has the ability to use its power to affect its returns.

The Group re-assesses whether or not it controls an acquiree if facts and circumstances indicate that there are changes to one or more of the three elements of control. When the Group has majority of voting rights of an acquiree, control is presumed.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where subsidiaries are acquired or disposed of in the year, their results and cash flows are included from the effective date of acquisition or up to the effective disposal date.

Where a consolidated company is less than 100% owned by the Group, the non-controlling interest share of the results and net assets are recognised at each reporting date. The interests of non-controlling shareholders are ordinarily measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets, but may alternatively be initially measured at fair value. The choice of measurement is made on an acquisition-by-acquisition basis.
Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. Accounting policies (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

The Group does not have any individually material non-controlling interests and, on an aggregate basis, the Group's total NCI is immaterial as a percentage of net assets. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full on consolidation.

Where a business combination is achieved in stages, on the date control is achieved the Group re-measures its previously held equity interest in the acquiree at its acquisition-date fair value, with any resulting gain or loss presented in profit or loss. Any amounts previously deferred in other comprehensive income are recognised on the same basis as if the Group had directly disposed of the equity interest.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of the reclassified investment.

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in the notes to the Company's separate financial statements.

The company explido GmbH & Co.KG, Augsburg, is included in the consolidated financial statements of Dentsu Aegis Network Ltd; as such we apply S264b HGB of the German Commercial Code.

(b) Associates

Associates are entities in which the Group has a participating interest, over whose operating and financial policies it exercises significant influence and which are neither subsidiaries nor joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The accounting policies used by the Group's associates are the same as those used by the Group, as are the reporting dates in the majority of cases.

The Group's associates are accounted for using the equity method of accounting. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is

3. *Accounting policies (continued)*

Basis of consolidation (continued)

(b) Associates (continued)

recognised as goodwill within the associate's carrying amount and is assessed for impairment as part of that investment. The Group's share of its associates' post-acquisition profits or losses and any impairment of goodwill is recognised in the income statement and as a movement in the Group's share of associates' net assets in the balance sheet. Its share of any post-acquisition movements in reserves is recognised either directly in equity or in other comprehensive income as appropriate. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Group does not have any individually material associates and, on an aggregate basis, the Group's total associate value is immaterial as a percentage of net assets.

(c) Joint arrangements

Joint arrangements are arrangements of which two or more parties have joint control. Joint ventures are investments in a joint arrangement whereby the Group exercises joint control along with third party and has rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control. Such investments are equity-accounted, using the same method of equity accounting as described in associates above.

The Group does not have any interests in joint operations.

Business combinations

Acquisitions of subsidiaries and businesses that are external to the Dentsu Inc. Group are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the acquisition-date fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Where applicable, the consideration for the acquisition includes contingent consideration, measured at its acquisition-date fair value. Subsequent changes in the fair value of contingent consideration are adjusted against the cost of the acquisition when they qualify as measurement period adjustments (see below), or otherwise are accounted for as fair value changes in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Revised (2010) are recognised at their fair value at the acquisition date. If the initial accounting for a business

3. Accounting policies (continued)

Basis of consolidation (continued)

Business combinations (continued)

combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts. Provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date. This includes the intangible assets that arise as part of the business combination. Where the value of these intangible assets is incomplete by the end of the reporting period, the full excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is attributed to Goodwill. During the measurement period the Goodwill is adjusted for the value of the business combination intangibles acquired, once completed.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

For acquisitions of subsidiaries and businesses under the common control of the Dentsu Inc. Group, the DAN Ltd Group has elected to adopt the Pooling of Interest method for acquisitions. The consideration for each acquisition is measured against the acquisition balance sheet and any surplus recognised in equity.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is achieved (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

Following initial recognition, goodwill is not amortised but is carried at cost less any accumulated impairment losses. Goodwill recognised under UK GAAP prior to the date of transition to IFRS is stated at net book value as at that date less any subsequent accumulated impairment losses.

Goodwill is allocated to disposals on a cash generating unit ("CGU") basis where entire CGUs are disposed.

Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

3. Accounting policies (continued)

Goodwill impairment

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The Group's CGUs are given in note 10.

Intangible assets

Separately acquired intangible assets are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised at fair value at the date of acquisition. Fair value is calculated based on the Group's valuation methodology, using discounted cash flows, charges avoided or replacement costs as appropriate.

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

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

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

Intangible assets (both internally generated and separately acquired) are amortised to residual values on a straight-line basis over the useful economic life of the asset as follows:

Software	20% to 50% per annum
Customer relationships	20% per annum
Patents and trademarks	Nil to 20% per annum
Non-compete agreements	14% to 50% per annum
Intellectual property	33% per annum
Other	10% to 50% per annum

Once acquired intangible assets have exceeded their useful economic lives, the cost and accumulated amortisation of the assets are removed from the balance sheet as an asset retirement.
Where an asset's useful life is considered indefinite, an annual impairment test is performed (see below).

3. Accounting policies (continued)

Intangible assets (continued)

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

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged to write off the cost of these assets to their residual value over their expected useful lives, using the straight-line method, on the following basis:

Freehold buildings	1% to 5% per annum
Leasehold buildings	Over the period of the lease
Leasehold improvements	10% to 20% per annum or over the period of the lease, if shorter
Office furniture, fixtures, equipment and vehicles	10% to 50% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of tangible and intangible assets excluding goodwill

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Inventory and work in progress

Work in progress is valued at cost, which includes directly attributable costs incurred on behalf of clients. Provision is made for irrecoverable costs where appropriate. Inventory and work in progress is held in the balance sheet at the lower of cost and net realisable value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

3. Accounting policies (continued)

Provisions (continued)

Where leasehold properties remain unutilised by the Group or where the Group is demonstrably committed to a period of non-utilisation, and such properties have not been sublet, provision is made in full for the outstanding rental payments together with other outgoings for the remaining period of the lease. This provision takes into account any future sublet income reasonably expected to be obtained. Future rental payments are charged against this provision in the period in which they are made.

From time to time the Group is exposed to claims which the Group vigorously defends. Provision for costs is made when the likelihood of a case proceeding is adjudged as probable. Disclosure is made of potentially material matters where, on the basis of legal advice, an adverse outcome cannot currently be judged as remote.

Turnover and revenue

Turnover represents amounts billable for media handled by the Group on behalf of clients, together with fees earned for media and research services provided, net of discounts, VAT and other sales-related taxes.

Revenue is the value of media and research fees and commission earned by the Group.

Media revenue arises in the form of fees and commissions for media services and performance related incentives.

Fee and commission revenue is recognised when earned, principally when advertisements appear in the media over the period of the relevant assignments or agreements. Performance related income is recognised when it can be reliably estimated whether, and the extent to which, the performance criteria have been met.

For market research and media project businesses, revenue is recognised based on the stage of completion of each project, which is indicated by the satisfactory completion of a specific phase of a project. Provision is made for losses on a project as soon as it becomes clear that a loss will arise. Invoices raised during the course of a project are booked as deferred income in the balance sheet until such a time as the related revenue is recognised in the income statement.

Investment income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

Deferred incentives

Liabilities are held in respect of deferred incentive payments to certain employees in relation to the Group's long term incentive scheme. The payment of these incentives is conditional on continued employment for specific periods and, in certain cases, on business performance. The present value of these incentive plans is determined using the projected unit credit method, in line with IAS 19, and an appropriate discount rate is applied, based on the opportunity cost of debt.

3. Accounting policies (continued)

Retirement benefits

Retirement benefits for employees are principally provided by defined contribution schemes which are funded by contributions from Group companies and employees. The amount charged to the income statement is the contribution payable in the year by Group companies.

In addition, the Group operates a small number of retirement benefit schemes that do not fall under the definition of defined contribution schemes, principally where required by local statutory regulations. The principal schemes are located in Germany, Italy, France and Switzerland. Under these schemes, the Group's liabilities in respect of past service are fixed as a percentage of past salaries, but the schemes do not meet the definition of defined contribution schemes because contributions have not been paid to a separate entity. These schemes are not considered by management to represent standard defined benefit schemes and do not vary significantly in terms of the Group's liability. However, IAS 19 requires that these schemes be disclosed as defined benefit schemes. The numbers below are in respect of all material Group defined benefit schemes, unless otherwise stated.

The re-measurement gains and losses of these schemes are recognised immediately in equity. The service cost to the Group and interest expense is recognised in the income statement in the period that they arise.

The liability recognised in the balance sheet in respect of defined benefit obligations is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets.

Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme. The defined benefit obligation is calculated using the project unit credit method with actuarial valuations being carried out at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds approximating to the terms of the related liability.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2015. The present value of the defined benefit obligation, the related service cost and the past service cost were measured using the projected unit credit method.

The principal funded defined benefit scheme is in Germany. The assets of this scheme is held separately from those of the Group in independently administered funds, in accordance with scheme rules and statutory requirements. The unfunded defined benefit schemes are principally in Italy, France and Switzerland.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The consolidated financial statements are reported in Sterling, which is the functional currency of Dentsu Aegis Network Ltd and the presentational currency for the Group's consolidated financial statements.

In Group companies, the term 'foreign currencies' refers to currencies other than the entity's functional currency. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Upon settlement, monetary assets and liabilities denominated in foreign currencies are re-translated at the rate ruling on the settlement date. Monetary assets and liabilities denominated in foreign currencies at the yearend are re-translated at

3. Accounting policies (continued)

Foreign currencies (continued)

the exchange rate ruling at the balance sheet date. Exchange differences arising upon re-translation at the settlement date or balance sheet date are taken to the income statement.

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

Exchange differences arising on the re-translation of foreign currency borrowings used to provide a hedge against foreign currency investments, including goodwill, are recognised in other comprehensive income as long as the hedge remains effective.

For consolidation purposes, the trading results and cash flows arising in operations with non-Sterling functional currencies are translated into Sterling at average exchange rates for the period. Assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Exchange differences arising upon consolidation are recognised in other comprehensive income. In the event of the disposal of an operation the cumulative effect of such translation is reclassified to the income statement.

Leased assets

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rentals are charged to the income statement over the lease term on a straight-line basis. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability and recognised as a reduction of rental expense on a straight-line basis.

Taxation

The tax expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax nor accounting profit.

Deferred tax is calculated for all business combinations in respect of intangible assets and properties. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will form part of the associated goodwill on acquisition.

3. Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, including interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities under current legislation and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets

Classification
Management determines the classification of its financial assets at initial recognition. The classifications include.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. The Group's financial assets at fair value through profit or loss comprise derivatives financial assets in the balance sheet.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and short term deposits' in the balance sheet.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group's available-for-sale financial assets are referred to as such in the balance sheet.

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Held to maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the Group intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held to maturity investments are measured at amortised cost. The Group's held to maturity financial assets are referred to as such in note 17b).

Recognition and measurement
The Group's financial assets principally include the following.

a) Cash and short-term deposits
Included within the loans and receivables classification, cash and short-term deposits include cash at bank and in hand and highly liquid deposits with an original maturity of three months or less which are subject to an insignificant risk of changes in value. In the Consolidated Cash Flow Statement, bank overdrafts are deducted from cash and short-term deposits to give cash and cash equivalents.

b) Trade receivables
Included within the loans and receivables classification, Trade receivables are initially recorded at the invoiced value and subsequently reduced by appropriate allowances for estimated irrecoverable amounts. Current trade receivables do not carry any interest charge. Interest may be charged on overdue balances.

c) Available-for-sale financial assets
Available-for-sale financial assets are initially measured at cost, including transaction costs, and at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the net profit or loss for the period. Impairment losses recognised in the income statement for equity instruments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment of financial assets
Financial assets, other than those at FVTPL 'Fair Value Through Profit and Loss', are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Offsetting of balances within financial assets
In line with IAS 32, the Group offsets cash deposits and overdrafts that are in cashpool arrangements with relationship banks. There are legal agreements in place and are legally enforceable. The Group does not offset other financial assets and liabilities. The amounts offset are presented gross in note 17.

3. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification
Management determines the classification of its financial liabilities at initial recognition according to the substance of the contractual arrangements entered into. The classifications include:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are either designated in this category; or they are held for trading, such as an obligation for securities borrowed in a short sale which have to be returned in the future. Derivatives are also categorised as held for trading unless they are designated as hedges. The Group's financial liabilities at fair value through profit or loss comprise derivatives financial assets in the balance sheet.

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.

a) Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the value of proceeds received, net of direct issue costs. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption are charged to the income statement as incurred using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

b) Trade Payables
Trade payables are initially stated at fair value and subsequently at amortised cost.

c) 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.

Derivative financial instruments
The Group's activities expose it to certain financial risks including changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures where they are considered to be significant. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are held at fair value at the balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. Amounts deferred in this way are recognised in the income statement in the same period in which the hedged firm commitments or forecast transactions are recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Where such changes are intended to provide a natural hedge of a particular risk, the income statement classification reflects this.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gains or losses on the hedging instrument recognised in other comprehensive income are retained until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement for the period. Note 17 includes further information on hedge accounting as applied by the Group.

Liabilities in respect of option agreements with non-controlling shareholders
The Group is party to a number of put and call options over the remaining non-controlling stakes in its subsidiaries. In accordance with IAS 39, put options are treated as derivatives over equity instruments and the amounts that are potentially to be paid for the stakes are recorded as financial liabilities at fair value on initial recognition, with a corresponding decrease in reserves. Fair value is calculated based on the discounted value of expected future payments.

Subsequent changes in the fair value of the liability are recognised as movements in the income statement. On exercise and settlement of a put option liability the cumulative amounts are removed from reserves, along with the de-recognition of non-controlling interests.

Fair value measurement
The Group applies the requirements of IFRS 13 Fair Value Measurement. In accordance with its provisions, all assets and liabilities which are measured at fair value are classified within the hierarchy levels of 1,2,3 as defined in note 17.

The Group assesses whether there have been any transfers between the hierarchy levels through an annual review. In this review, there is an assessment of whether there have been any changes to the nature of the inputs in each level.

Credit value adjustments and debt value adjustments are derived by the Group and applied to the valuation of the respective financial instruments in order to reflect the credit risk of the derivative counter-party.

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange,

3. Accounting policies (continued)

Fair value measurement (continued)

- dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise held-to-maturity investments and quoted available-for-sale investments.
- The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 2 comprise derivative instruments, other than put options over acquisition of minorities, these are calculated using quoted prices and yield curves derived from these quoted prices.

  Specific valuation techniques used to value financial instruments include:

  - Quoted market prices or dealer quotes for similar instruments;
  - The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
  - The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
  - Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair values of put option liabilities and deferred consideration are calculated as the best estimate of the gross cash expected to be paid discounted to present value.

Accounting estimates and uncertainties

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

- **Revenue recognition**
  Judgement is required in selecting the appropriate timing and amount of revenue recognised, particularly where the Group recognises performance related income. Revenue is only recognised when it can be reliably estimated using customer specific information and, where there is a performance related element, to the extent to which the performance criteria have been met.

  The likelihood of collection of trade receivables also requires judgement to be applied. The Group monitors the levels of provisioning required based on historical trends and by detailed review of individually significant balances.

- **Contingent deferred consideration and put option payments in respect of acquisitions**
  The Group determines the amount of deferred consideration to be recognised according to the formulae agreed at time of acquisition, normally related to the future earnings of the acquired entity. Estimates of the expected future earnings of the acquired entity therefore affect the valuation of deferred consideration. The liability for deferred consideration is reviewed at each balance sheet date and revaluation entries are applied, if required, to deferred

3. Accounting policies (continued)

Accounting estimates and uncertainties (continued)

- ***Contingent deferred consideration and put option payments in respect of acquisitions (continued)***

  consideration and either goodwill or profit or loss in accordance with the Group's accounting policy for business combinations, discussed above.

  Deferred consideration liabilities are discounted to their fair value in accordance with IFRS 3 and IAS 37. The difference between the fair value of these liabilities and the actual amounts payable is charged to the income statement as a notional finance cost.

  Key areas of judgement in calculating the fair value of the put option liabilities are the expected future cash flows and earnings of the acquired entity and the discount rate.

- **Valuation of intangible assets**
  The Group exercises judgement in determining the fair value of identifiable assets, liabilities and contingent liabilities assumed in business combinations. In calculating the fair values of intangibles the Group makes assumptions on the timing and amount of future cash flows generated by the assets it has acquired, the appropriate discount rates and the useful economic lives of the assets purchased.

- **Impairment**
  In determining whether an impairment loss has arisen on goodwill or intangible assets the Group makes judgements over the value in use of its CGUs. In calculating the value in use of a CGU the Group makes estimates of future forecast cash flows and discount rates to derive a net present value of these cash flows and determine if an impairment has occurred. Key areas of judgement include the determination of the long term growth rate applicable to each CGU and the determination of the CGUs themselves. See note 10 for further details.

- **Taxation**
  Tax laws that apply to the Group's businesses may be amended by the relevant authorities, for example as a result of changes in fiscal circumstances or priorities. Such potential amendments and their application to the Group are regularly monitored and the requirement for recognition of any liabilities assessed where necessary.

  Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of legal processes. Such issues can take several years to resolve. The Group takes a conservative view of unresolved issues, however the inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and therefore may impact the Group's results and future cash flows.

- **Deferred tax**
  The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation or settlement of the carrying amounts of assets and liabilities held at the balance sheet date. In particular, assessment is required of whether it is probable that there will be suitable future taxable profits against which any deferred tax assets can be utilised.

4. Operating profit

Operating profit for the Continuing Group has been arrived at after charging/(crediting):

	Year ended 2015	Year ended 2014
	£m	£m
Net foreign exchange gains	**(1.8)**	(1.5)
Revaluation gain on disposal group held for sale	**-**	(2.4)
Depreciation of property, plant and equipment	**34.4**	25.1
Amortisation of intangible assets included in operating expenses	**92.1**	73.9
Loss on disposal of subsidiaries	**3.6**	3.8
Operating lease expense	**86.4**	66.8
Staff costs	**1,180.0**	908.6

All comparatives exclude discontinued operations.

Defined contribution schemes

Retirement benefits for employees are principally provided by defined contribution schemes which are funded by contributions from Group companies and employees. The amount charged to the profit and loss account of £23.6m (2014: £17.9m) represents contributions payable in the year to these schemes at rates specified in the rules of the plans. As at 31 December 2015, contributions of £4.6m (2014: £3.4m) due in respect of the current reporting period had not been paid over to the schemes.

A detailed analysis of auditors' remuneration charged to operating profit from continuing operations is provided below:

	2015	2015	2014	2014
	£m	%	£m	%
Audit fees				
Fees payable to the Company's auditors for the audit of the company's annual accounts	**0.4**	**7.1%**	0.2	4.1%
The audit of the Company's subsidiaries pursuant to legislation	**3.6**	**64.3%**	3.3	67.3%
Total audit fees	**4.0**	**71.4%**	3.5	71.4%
Non audit fees				
- Quarterly reviews	**0.2**	**3.6%**	0.2	4.1%
- Tax services	**0.6**	**10.7%**	0.7	14.3%
- Other services	**0.8**	**14.3%**	0.5	10.2%
Total non-audit fees	**1.6**	**28.6%**	1.4	28.6%
Total fees paid to the Company's auditors	**5.6**	**100.0%**	4.9	100.0%

5. Staff costs

The average monthly number of employees was:

	2015 Number	2014 Number
	23,070	17,883

Comparatives exclude discontinued operations.

Staff costs consist of:

	2015 £m	2014 £m
Wages, salaries, bonus and benefits	**1,039.8**	788.9
Social security costs	**115.6**	101.2
Other pension costs	**24.6**	18.5
	1,180.0	908.6

Comparatives exclude discontinued operations.

Remuneration of key management personnel

The following is the compensation of key management personnel of the Group, being the Directors.

Remuneration of key management personnel

	Aggregate		Highest paid director	
	2015	2014	**2015**	2014
	£m	£m	**£m**	£m
Salaries and fees	**9.8**	5.6	**2.9**	2.1
Social security costs	**2.7**	1.5	**0.6**	0.6
Other short term employee benefits	**0.3**	0.3	**-**	-
Post-employment benefits	**1.2**	0.7	**0.2**	0.2
Amounts (excluding shares) receivable under long-term incentive schemes	**14.9**	6.0	**2.0**	2.6
	28.9	14.1	**5.7**	5.5

Post-employment benefits were accrued for three Directors (2014: two Directors) under a defined contribution scheme. In addition, six Directors received cash payments in lieu of contributions to defined contribution schemes. The amount shown above against post-employment benefits includes the aggregate value of company contributions paid (or accrued) to a pension scheme in respect of money purchase benefits as well as the cash payments to the Directors.

During the year no Directors (2014: no Directors) exercised share options in the Company and no Directors (2014: none) received shares in respect of their qualifying service.

6. Investment income

	Year ended 2015	Year ended 2014
	£m	£m
Interest receivable	8.0	7.2
Investment income	**8.0**	**7.2**

All comparatives exclude discontinued operations.

7. Finance costs

	Year ended 2015	Year ended 2014
	£m	£m
Interest payable on overdrafts	(3.1)	(0.8)
Interest payable on bank loans, loan notes, other loans and pension scheme liabilities	(26.3)	(24.3)
	(29.4)	(25.1)
Fair value movements on deferred consideration and acquisition put options	(18.4)	(4.6)
Interest payable on redeemable preference shares	(22.0)	(2.9)
Credit adjustment for derivatives	(0.2)	(0.5)
Costs on close out of loans and swaps and exchange gain	(4.4)	-
Other movements	(3.2)	(5.4)
Finance costs	**(77.6)**	(38.5)

Exchange movements on financing items includes fair value movements in derivative instruments intended to provide a natural hedge of exchange rate risk. Information on the Group's designated fair value hedges is given in note 17.

8. Tax on profit on ordinary activities

The tax charge for continuing operations is made up of the following:

	2015	2014
	£m	£m
Current tax	68.6	58.8
Adjustments in respect of prior years	3.2	(4.4)
	71.8	54.4
Deferred tax (note 18)	(19.0)	(12.6)
	52.8	41.8

The tax charge for the year ended 31 December 2015 is £52.8m (2014: £41.8m) representing an effective tax rate (including deferred tax on goodwill) on statutory profits of 36.8% (2014: 39.9%). The tax charge for the year ended

8. Tax on profit on ordinary activities (continued)

31 December 2015 includes a deferred tax expense of £19.8m (2014: £6.9m) for tax deductions in respect of goodwill. IFRS requires that such deferred tax is recognised even if a liability would only unwind on the eventual sale.

UK Corporation tax is calculated at 20.25% (2014: 21.50%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.
The UK Government enacted legislation which reduced the main rate of corporation tax to 20% from 1 April 2015. A further reduction in the main rate of corporation tax are proposed to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. The net UK deferred tax asset has been calculated using the substantively enacted rates applicable when the temporary difference is expected to reverse. The impact on the Group's net assets is not expected to be material.

The total charge for the year for the Total Group can be reconciled to the accounting profit as follows:

	2015	2014
	£m	£m
Profit before tax from continuing operations	**143.5**	104.8
Profit before tax from discontinuing operations	**-**	1.5
Profit before income tax	**143.5**	106.3
Tax at the UK corporation tax rate of 20.25% (2014: 21.5%)	**29.1**	22.9
Adjustments in respect of prior years – current and deferred tax	**5.4**	(6.2)
Non-deductible expenses for tax purposes	**(3.3)**	7.3
Rate differences on overseas earnings	**9.6**	11.3
Movement in tax losses not recognised	**(1.0)**	0.7
Other differences	**13.0**	5.8
Tax expense for the year	**52.8**	41.8
Effective rate of statutory tax charge on statutory profits	**36.8%**	39.9%

IAS 1 requires income from associates to be presented net of tax on the face of the income statement and not in the Group's tax charge. Associates' tax included within 'share of results of associates' for the year ended 31 December 2015 is £0.2m (2014: £0.1m).

The Chancellor announced in the 2016 budget that the UK corporation main rate of corporation tax rate will reduce to 17% from 1 April 2020, this rate has not yet been enacted or substantively enacted.

9. Business disposals

On 29 April 2015 the Group ceased operations of its subsidiary Attik LLC following the loss of its largest customer. Attik LLC's wholly owned subsidiary Attik UK was liquidated on 20 April 2015. While the Group has chosen not to liquidate Attik LLC, the business is no longer trading and management are not pursuing a sale of the business. As such the carrying amount of the entity's assets was deemed to have a recoverable value of Nil. The net asset disposal totalled £15.2m, comprised of £12.9m of goodwill and £2.3m of intangible assets.

10. Goodwill

Goodwill

Cost	**£m**
At 1 January 2014	**1,354.5**
Additions	178.5
Goodwill acquired upon acquisition of subsidiaries from parent undertaking	324.3
Measurement period adjustments	6.3
Disposal of Subsidiaries	(5.0)
Exchange differences	(28.2)
At 31 December 2014	**1,830.4**
Additions	196.2
Measurement period adjustments	(7.4)
Disposal of subsidiaries	(12.9)
Exchange differences	(30.8)
At 31 December 2015	**1,975.5**
Accumulated impairment losses	
At 1 January 2014	**43.5**
Impairment losses for the year	-
At 31 December 2014	**43.5**
Impairment losses for the year	-
At 31 December 2015	**43.5**

Carrying amount	**£m**
At 31 December 2015	**1,932.0**
At 31 December 2014	1,786.9

Other acquisition adjustments including adjustments to prior period estimates of deferred consideration shown above relate to adjustments made during the measurement period to the provisional net assets and deferred consideration that was recognised at the acquisition date. These adjustments are made in order to reflect new information obtained about facts and circumstances that existed as of the acquisition date, in accordance with IFRS 3.

On 29 April 2015 the Group ceased operations of its subsidiary, Attik LLC, following the loss of its largest customer. The closure of the business resulted in the deemed disposal of all the goodwill attributed to Attik LLC and its wholly-owned subsidiary Attik UK which was liquidated on 20 April 2015. The total amount of goodwill disposed of in the year was £12.9m.

10. Goodwill (continued)

On 1 January 2015 the Group sold its Japanese business to the ultimate parent company Dentsu Inc. and, under IFRS 5, the Japanese business is classified as a Disposal Group held for sale at 31 December 2014. The carrying value of the Japanese business was re-measured on classification as held for sale and subsequently written down to the disposal amount at 31 December 2014. Included in the assets and liabilities of the Japanese business at 31 December 2014 was goodwill of £5.0m, which was re-measured to £nil.

Goodwill is allocated for impairment testing purposes to CGUs which reflects how it is monitored for internal management purposes. This allocation largely represents the geographic areas of operation for the Group as set out below.

	2015	2014
	£m	£m
EMEA	**575.0**	515.4
Americas	**837.3**	802.4
Asia Pacific	**519.7**	469.1
Total Group	**1,932.0**	1,786.9

The recoverable amount of a CGU is determined based on value-in-use calculations. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and management forecasts for the subsequent three years. These calculations reflect management's experience and future expectations of the markets in which the CGU operates. Long term average growth rates used in the projections range between 2.0% - 4.0% depending on the markets in which the CGU operates and vary with management's view of the CGU's market position and maturity of the relevant market. The pre-tax rate used to discount the forecast cash flows is 12.7%.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as market growth, discount rates and currency exchange rates.

Dentsu Aegis Network Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2015

11. Intangible assets

	Software	Customer Relationships	Non-compete Agreements	Intellectual Property	Other	Total
Cost	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 January 2014	**71.9**	**236.6**	**37.1**	**18.8**	**23.5**	**387.9**
Additions						
- separately acquired	7.9	-	-	-	1.2	9.1
- internally generated	11.3	-	-	-	3.6	14.9
Acquired on acquisition of a subsidiary	2.4	128.5	5.0	17.3	7.8	161.0
Disposals and assets retired	(2.7)	(28.5)	(2.3)	(11.4)	(7.5)	(52.4)
Disposal of subsidiaries	(0.5)	(1.4)	(0.7)	(0.1)	(0.3)	(3.0)
Transfers and other movements	3.3	0.1	-	4.4	(4.3)	3.5
Exchange differences	(2.0)	(14.0)	(0.6)	0.6	(0.4)	(16.4)
At 31 December 2014	**91.6**	**321.3**	**38.5**	**29.6**	**23.6**	**504.6**
Additions						
- separately acquired	8.0	-	-	-	2.6	10.6
- internally generated	24.4	-	-	-	0.7	25.1
Acquired on acquisition of a subsidiary	1.3	79.9	9.3	5.3	7.3	103.1
Disposals and assets retired	(10.2)	(59.7)	(7.9)	(5.3)	(5.5)	(88.6)
Transfers and other movements	-	0.1	-	(0.1)	-	-
Exchange differences	(1.7)	(12.7)	(0.6)	(0.1)	(0.1)	(15.2)
At 31 December 2015	**113.4**	**328.9**	**39.3**	**29.4**	**28.6**	**539.6**
Amortisation						
At 1 January 2014	**38.2**	**99.2**	**16.1**	**14.5**	**11.5**	**179.5**
Acquired on acquisition of a subsidiary	1.6	22.9	2.4	3.5	2.7	33.1
Charge for the year	9.5	49.1	5.6	3.7	6.0	73.9
Disposals and assets retired	(2.7)	(28.5)	(2.3)	(11.4)	(6.1)	(51.0)
Disposal of subsidiaries	(0.2)	(0.8)	(0.4)	(0.1)	(0.3)	(1.8)
Impairment, transfers and other movements	0.7	0.1	-	1.8	(2.6)	-
Exchange differences	(1.6)	(7.5)	(0.6)	0.1	(0.3)	(9.9)
At 31 December 2014	**45.5**	**134.5**	**20.8**	**12.1**	**10.9**	**223.8**
Acquired on acquisition of a subsidiary	0.8	-	-	-	1.5	2.3
Charge for the year	11.1	63.1	6.6	6.0	5.3	92.1
Disposals and assets retired	(8.5)	(59.7)	(7.9)	(5.3)	(5.5)	(86.9)
Impairment, transfers and other movements	0.5	13.4	1.5	0.1	0.1	15.6
Exchange differences	(1.5)	(3.9)	(0.5)	(0.2)	(0.1)	(6.2)
At 31 December 2015	**47.9**	**147.4**	**20.5**	**12.7**	**12.2**	**240.7**
Carrying amount						
At 31 December 2015	**65.5**	**181.5**	**18.8**	**16.7**	**16.4**	**298.9**
At 31 December 2014	**46.1**	**186.8**	**17.7**	**17.5**	**12.7**	**280.8**

On 1 January 2015 the Group sold its Japanese business to the ultimate parent company Dentsu Inc. Under IFRS 5, the Japanese business was classified as a Disposal Group held for sale at 31 December 2014. The carrying value of the Japanese business was re measured on classification as held for sale and subsequently revalued to the disposal amount at 31 December 2014. Included in the assets and liabilities of the Japanese business at 31 December 2014 were business combination intangibles of £0.9m and software of £0.3m, which have both been re measured to £nil.

Dentsu Aegis Network Ltd
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12. Property, plant and equipment

	Freehold land and buildings	Long leasehold and leasehold improvements	Office furniture, fixtures, equipment and vehicles	Total
Cost	**£m**	**£m**	**£m**	**£m**
At 1 January 2014	**2.0**	**73.2**	**113.8**	**189.0**
Additions	-	19.9	21.2	41.1
Acquisitions of subsidiaries	1.3	33.1	23.9	58.3
Disposals and assets retired	-	(3.5)	(10.4)	(13.9)
Disposal of subsidiaries	-	(0.3)	(0.6)	(0.9)
Transfers and other movements	-	-	(3.5)	(3.5)
Exchange differences	(0.1)	1.6	(2.6)	(1.1)
At 31 December 2014	**3.2**	**124.0**	**141.8**	**269.0**
Additions	0.1	17.1	24.8	42.0
Acquisitions of subsidiaries	-	2.8	11.9	14.7
Disposals and assets retired	(0.3)	(10.7)	(15.5)	(26.5)
Disposal of subsidiaries	-	-	(0.1)	(0.1)
Transfers and other movements	(1.8)	1.7	(0.2)	(0.3)
Exchange differences	(0.1)	-	(3.1)	(3.2)
At 31 December 2015	**1.1**	**134.9**	**159.6**	**295.6**
Accumulated depreciation				
At 1 January 2014	**0.7**	**36.3**	**68.2**	**105.2**
Acquisitions of subsidiaries	0.1	12.4	15.8	28.3
Charge for the year	0.1	9.2	15.8	25.1
Disposals and assets retired	-	(3.2)	(9.9)	(13.1)
Disposal of subsidiaries	-	(0.2)	(0.4)	(0.6)
Impairment, transfers and other movements	-	(0.2)	0.2	-
Exchange differences	(0.1)	0.5	(1.9)	(1.5)
At 31 December 2014	**0.8**	**54.8**	**87.8**	**143.4**
Acquisitions of subsidiaries	-	2.2	8.7	10.9
Charge for the year	0.1	13.8	20.5	34.4
Disposals and assets retired	(0.1)	(10.6)	(15.3)	(26.0)
Impairment, transfers and other movements	(0.4)	0.6	-	0.2
Exchange differences	-	-	(1.9)	(1.9)
At 31 December 2015	**0.4**	**60.8**	**99.8**	**161.0**
Carrying amount				
At 31 December 2015	**0.7**	**74.1**	**59.8**	**134.6**
At 31 December 2014	2.4	69.2	54.0	125.6

At 31 December 2015, the Group had £0.5m capital commitments contracted, but not provided, for the acquisition of property, plant and equipment (2014: £8.5m). These commitments arise primarily in relation to leasehold improvements and office furniture and fittings in new premises. Proceeds from the disposal of property, plant and equipment, excluding assets disposed as part of the disposal of subsidiaries, are £0.4m (2014: £0.5m).

13. Interests in associates and joint ventures

	Associates & Joint Ventures £m 2015
At 1 January 2015	**21.6**
Share of results after tax	1.2
Disposal of Associate	(1.3)
Additions	1.6
Step acquisition - Gain on Disposal	12.3
Step acquisition - Transfer to Investments	(23.8)
Transfers	(0.4)
Dividends received	(1.5)
Exchange differences	0.4
At 31 December 2015	**10.1**

Investments in associates at 31 December 2015 include goodwill of £4.6m (2014: £7.1m).

In 2015 the associate investment held in Expion of £1.3m was sold resulting in no gain or loss.

The share of results of associates balance in the income statement of £13.5m consists of £1.2m share of profit from associates and £12.3m gain on disposal of associate. This £12.3m gain on disposal of associate is driven by the step-up of Vizeum Beijing.

£23.8m has been transferred to investments in relation to the step-acquisitions. This balance consists primarily of Vizeum Beijing.

Losses of £0.3m have been excluded from the Group share of the result of associates in the current year (2014: nil) since the carrying amount as presented above has been reduced to nil in previous years. The cumulative total of the unrecognised share of losses is £1.0m (2014: £0.7m).

The Group does not have any individually material associates and, on an aggregate basis, the Group's total associate value is immaterial on a net asset percentage basis.

14. Available-for-sale financial assets

	2015 **£m**	2014 £m
Equity investments	**10.6**	32.9

The equity investments held at the 2014 year end includes the investment in Charm, which was previously classified as an Associate (note 13).

During 2015, the Group disposed of its interest in Charm for consideration of £22.7m plus the remaining controlling stake in Vizeum Beijing. The remaining balance is comprised largely of an investment in iOne Group held by 360i in the US and a number of small unlisted securities and small investments in private companies which are held by a number of Group companies.

15. Trade and other receivables

	2015	2014
	£m	£m
Trade receivables and accrued income	**3,973.5**	3,630.7
Prepayments	**94.8**	71.0
Tax receivable	**87.4**	54.3
Receivables from Parent and other Dentsu Group entities	**34.2**	36.4
Other receivables	**93.5**	63.9
	4,283.4	3,856.3

Receivables from the ultimate parent Dentsu Inc and other Dentsu Inc subsidiaries are disclosed in Note 27 Related party transactions.

The average credit period taken for trade receivables is 46 days (2014: 41 days). The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Trade receivables for the Group are stated net of *an allowance for doubtful receivables of £84.1m (2014: £79.8m).*

Allowance for doubtful receivables

	£m
At 1 January 2014	**86.9**
Provided in the year	11.7
Acquisition of subsidiaries	0.2
Disposal of subsidiaries	(7.3)
Release/Utilisation of allowance	(6.3)
Exchange differences	(5.4)
At 31 December 2014	**79.8**
Provided in the year	17.0
Acquisition of subsidiaries	0.1
Release/Utilisation of allowance	(9.4)
Exchange differences	(3.4)
At 31 December 2015	**84.1**

As of 31 December 2015, trade receivables of £1,017.5m (2014: £829.0m) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2015	2014
	£m	£m
Under 3 months	**863.0**	735.8
Over 3 months	**154.5**	93.2
	1,017.5	829.0

16. Trade and other payables

	2015	2014
	£m	£m
Trade payables and accruals	**3,992.1**	3,700.2
Deferred income	**136.3**	127.8
Taxation and social security	**129.0**	103.5
Deferred consideration	**146.6**	179.3
Payables to Parent and other Dentsu Group entities	**9.2**	6.3
Other payables	**420.0**	397.7
	4,833.2	4,514.8

Payables to the ultimate parent Dentsu Inc and other Dentsu Inc subsidiaries are disclosed in Note 27 Related party transactions.

The average credit period taken for trade payables is 38 days (2014: 35 days). The Directors consider that the carrying amount of trade payables approximates their fair value.

17. Financial instruments

The Group has established objectives concerning the holding and use of financial instruments. The key objective is to manage the financial risks faced by the Group, which are discussed below. Formal policies and guidelines have been set to achieve these objectives and it is the responsibility of Group Treasury to implement these policies using the strategies set out below.

The Group manages its capital to enable the entities in the Group to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the Group's borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital and reserves and retained earnings.

The Group does not trade in financial instruments nor engage in speculative arrangements and it is the Group's policy not to use any complex financial instruments, unless, in exceptional circumstances, it is necessary to cover defined risks.

Management of financial risk

The Group considers its major financial risks to be currency risk, liquidity risk, interest rate risk and credit risk. The Group's policies with regard to these risks and the strategies concerning how financial instruments are used to manage these risks are set out below.

Currency risk

A significant portion of the Group's activities take place overseas. The Group therefore faces currency exposures on transactions undertaken by subsidiaries in foreign currencies and upon consolidation following the translation of the local currency results and net assets / liabilities of overseas subsidiaries.

The Group's foreign currency management policy requires subsidiaries to hedge all transactions and financial instruments with material currency exposures. The Group is party to a number of foreign currency forward contracts in the management of exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets. These are held at fair value at the balance sheet date. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted rates matching the

17. Financial instruments (continued)

Currency risk (continued)

maturities of the contracts. Movements in the fair value of forward foreign exchange contracts are taken to the income statement. The total notional amounts of outstanding forward foreign exchange contracts that the Group has committed are shown below.

	2015 **£m**	2014 £m
Forward foreign exchange contracts - notional principal	**206.9**	110.2

It is the Group's policy not to hedge exposures arising from the translation of profits or net assets as these represent an accounting rather than cash exposure.

When it is aligned with the Group's overall funding strategy, the Group's policy is to borrow locally wherever possible to act as a natural hedge against the translation risk arising from its net investments overseas. Where major borrowings are denominated in a currency other than Sterling, the Group may enter into cross-currency swaps to reduce currency risk. A currency analysis of borrowings and other financial liabilities is given in section c) of this note.

Liquidity risk

The Group's objective of ensuring that adequate funding is in place is achieved by having agreed sufficient committed bank facilities. The Group also seeks to manage its working capital requirement by requiring clients to pay for media in advance whenever possible.

At 31 December 2015, the Group had net debt (before issue costs of new debt) of £693.3m (2014: £483.3m). The Group had cash and short term deposits of £679.1m at 31 December 2015 (2014: £837.4m) and gross borrowings (before issue costs of new debt) of £1,372.4m (2014: £1,320.7m). The Group's principal debt instruments are subject to certain financial covenants.

The following unsecured loan notes and bank loans are included within gross borrowings:

Description	**£m**	**2016** **£m**	**2017** **£m**	**2018** **£m**	**2019+** **£m**
Dentsu Inc. Loan $400m (1.02%, '18)	271.5			271.5	
Mitsubishi UFJ Trust and Banking Corp debt $400m (0.59%, '20)	271.5				271.5
Mizuho bank debt £120m (1.03%, '19)	120.0				120.0
Mitsubishi UFJ Trust and Banking Corp debt £60m (0.98%, '19)	60.0				60.0
The Bank of Tokyo Mitsubishi UFJ debt $96m (2.22%, '19)	65.2				65.2
Sumitomo Mitsui Banking Corp debt $96m (0.81%, '19)	65.2				65.2
Dentsu Inc. redeemable preference shares $450m (7.41%, '24)	305.5				305.5

The group has a core revolving credit facility of £500m. At 31 December 2015, this facility was undrawn, giving the Group total undrawn committed facilities of £500m (2014: £500m).

17. Financial instruments (continued)

Liquidity risk (continued)

During the year the 2005, 2007 and 2009 loan notes were repaid. At the time of settlement, the principal amount repaid was $100m (£65.4m) in addition to $2.2m (£1.5m) of accrued interest. $8.1m (£4.4m) has been recognised as a finance cost during the year to make whole this debt (see Note 7). An associated swap was also settled simultaneously for the principal sum of £1.5m.

Interest rate risk

The Group's unsecured loan notes, referred to above, are at fixed rates. All other borrowings are at floating rates. Certain portions of the Group's borrowings are subject to interest rate swaps.

The Group has in place cash pooling arrangements in a number of territories. These enable the Group to minimise the interest paid on short-term borrowings and overdrafts, whilst allowing net surplus funds to be invested in interest bearing accounts.

Credit Risk

The Group's credit risk is primarily attributable to its trade receivables and cash balances. The amounts presented in the balance sheet in respect of trade receivables are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Trade credit risk is managed in each territory through the use of credit checks on new clients and individual credit limits, where considered necessary. In some instances clients are required to pay for media in advance.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Current receivables and payables and currency disclosures

Due to the nature of the operations of the business, Group companies are able to match current receivables and payables in currencies other than their functional currency and therefore do not have material, unhedged monetary assets and liabilities. Current receivables and payables are therefore excluded from currency analyses provided in this note.

At 31 December 2015, the carrying value of trade receivables and other financial assets is £3,004.8m (2014: £2,727.2m) and the carrying value of trade payables and other financial liabilities is £2,445.4m (2014: £2,411.1m).

Trade receivables and other financial assets are held at amortised cost and include those items of trade and other receivables that meet the definition of financial assets, derivatives are excluded from this definition.

17. Financial instruments (continued)

Current receivables and payables and currency disclosures (continued)

Trade payables and other financial liabilities are held at amortised cost and include those items of trade and other payables that meet the definition of financial liabilities, derivatives and deferred consideration are excluded from this definition.

Interest rate swaps

The fair value of the interest rate swaps at 31 December 2015 is £(2.1)m (2014: £(0.6)m). The fair value is based on a discounted cash flow model and market interest yield curves applicable and represents unrecognised gains which the Group expects to realise as a result of lower or higher interest payments under the swap compared with the interest payable on the underlying debt instrument.

Cross currency interest rate swaps

The fair value of the cross currency rate swaps at 31 December 2015 is £24.9m (2014: £2.0m). The fair value is based on a discounted cash flow model and market yield curves applicable and represents movements in the exchange spot rates and in interest rate yields.

Covenants

The Group's leverage covenant (net debt/EBITDA) was 0.3 times (compared to a covenant requirement of <3.5 times) (2014: 0.3 times) and interest cover covenant (EBITDA/net interest) was 17.0 times (compared to a covenant requirement >4 times) (2014: 12.3 times) at 31 December 2015.

Fair value hedges

Ineffectiveness recognised in the income statement that arises from fair value hedges was nil in both the current and prior years.

Cash flow hedges

The hedged forecast interest payments in GBP and foreign currency are expected to occur at various dates over the duration of the 2013 Mitsubishi UFJ Trust and Banking Corp Loan, the 2013 Dentsu Inc. Loan, the 2014 Mizuho bank Loan, the 2014 Sumitomo Mitsui Banking Corp Loan and 2014 Mitsubishi UFJ Trust and Banking Corp Loan. The portion of the gain or loss on the hedging instruments determined to be an effective hedge is recognised in OCI. This amount is held in the hedging reserve in equity and is subsequently reclassified to the income statement in the same periods during which the forecasted interest payments affect the income statement. The net loss taken to equity in respect of cash flow hedges is £2.6m.

Ineffectiveness recognised in the income statement that arises from cash flow hedges and fair value hedges was £nil in both the current and prior year.

Net investment hedges

No ineffectiveness arises from the Group's hedges of net investments in foreign operations.

17. Financial instruments (continued)

a) Maturity profile of Group financial liabilities

There are no material differences between the recorded and fair values of the Group's financial assets at 31 December 2015. The fair values of financial assets reflect market values or are based upon readily available market data.

2015

	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total £m
Financial liabilities					
Bank overdrafts	29.7	-	-	-	29.7
Bank loans	179.7	-	581.9	0.3	761.9
Redeemable preference shares	1.9	-	-	305.5	307.4
Amounts due to group companies	1.9	-	271.5	-	273.4
	213.2	-	853.4	305.8	1,372.4
Less: Issue costs of debt to be amortised	(0.5)	(0.5)	(0.9)	-	(1.9)
	212.7	(0.5)	852.5	305.8	1,370.5
Derivative financial liabilities:					
- Forward foreign exchange contracts	2.2	-	-	-	2.2
- Cross currency interest rate swaps	-	-	-	-	-
- Interest rate swaps	-	-	3.6	-	3.6
- Put option liabilities	20.9	7.3	74.5	56.3	159.0
Deferred consideration	146.6	54.5	107.9	22.3	331.3
Other financial liabilities	2,379.6	13.7	28.9	23.2	2,445.4
Total	**2,762.0**	**75.0**	**1,067.4**	**407.6**	**4,312.0**

17. Financial instruments (continued)

a) Maturity profile of Group financial liabilities (continued)

2014	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total £m
Financial liabilities					
Bank overdrafts	6.7	-	-	-	6.7
Bank loans	69.3	20.3	303.2	256.7	649.5
Loan notes	23.6	-	42.5	-	66.1
Redeemable preference shares	-	-	-	288.8	288.8
Other external loans	52.8	-	256.7	-	309.5
	152.4	20.3	602.4	545.5	1,320.6
Less: Issue costs of debt to be amortised	(0.3)	(0.6)	(1.4)	-	(2.3)
	152.1	19.7	601.0	545.5	1,318.3
Derivative financial liabilities:					
- Forward foreign exchange contracts	1.4	-	-	-	1.4
- Cross currency interest rate swaps	-	-	3.3	-	3.3
- Interest rate swaps	-	-	3.8	-	3.8
- Put option liabilities	2.8	8.3	45.1	40.3	96.5
Deferred consideration	179.3	76.9	91.7	1.0	348.9
Other financial liabilities	2,364.2	27.4	8.7	10.8	2,411.1
Total	2,699.8	132.3	753.6	597.6	4,183.3

The maturity profile of the anticipated future cash flows (including interest but excluding trade and other payables meeting the definition as financial liabilities) in relation to the Group's non-derivative financial liabilities are as follows. These are not discounted and therefore differ from both the liabilities' carrying values and fair values. The redeemable preference shares are included in the table below. Although they don't have a fixed maturity date, it is assumed that they will be redeemed and repaid in 2024.

17. Financial instruments (continued)

a) Maturity profile of Group financial liabilities (continued)

	2015 External loans	**2015 Other liabilities**	**2015 Total**	2014 External loans	2014 Other liabilities	2014 Total
	£m	**£m**	**£m**	£m	£m	£m
Less than 1 year	**250.4**	**162.3**	**412.7**	183.5	178.5	362.0
1-2 years	**30.8**	**69.0**	**99.8**	53.0	112.9	165.9
2-5 years	**932.8**	**146.9**	**1,079.7**	686.3	129.0	815.3
More than 5 years	**393.4**	**49.1**	**442.5**	650.1	11.8	661.9
	1,607.4	**427.3**	**2,034.7**	1,572.9	432.2	2,005.1
Effect of discount / financing rates	**(638.9)**	**(13.3)**	**(652.2)**	(755.1)	(11.3)	(766.4)
	968.5	**414.0**	**1,382.5**	817.8	420.9	1,238.7

The maturity profile of the Group's financial derivatives (which include interest rate and foreign exchange swaps), using undiscounted cash flows, is as follows:

	2015 Payable	**2015 Receivable**	2014 Payable	2014 Receivable
	£m	**£m**	£m	£m
Less than 1 year	**(219.5)**	**213.6**	(123.0)	116.5
1-2 years	**(12.6)**	**6.7**	(12.8)	6.2
2-5 years	**(19.5)**	**8.9**	(31.4)	14.8
More than 5 years	**-**	**-**	(1.1)	0.4
	(251.6)	**229.2**	(168.3)	137.9

The maturity profile of the Group's put option liabilities, using undiscounted cash flows, is as follows:

	2015 £m	2014 £m
Less than 1 year	**(20.8)**	(2.8)
1-2 years	**(7.5)**	(8.6)
2-5 years	**(81.3)**	(49.4)
More than 5 years	**(65.4)**	(46.7)
	(175.0)	(107.5)
Effect of discount / financing rates	**16.0**	11.0
	(159.0)	(96.5)

17. Financial instruments (continued)

a) Maturity profile of Group financial liabilities (continued)

The Group had the following undrawn, committed bank borrowing facilities available at 31 December in respect of which all conditions precedent had been met at that date:

	2015	2014
	£m	£m
Expiring within one year	**-**	-
Expiring after five years or more	**500.0**	500.0
	500.0	500.0

b) Valuation of financial assets and liabilities

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values. The following items of financial liabilities are within fair value hierarchy level 2.

	2015 Fair value	**2015 Carrying value**	2014 Fair value	2014 Carrying value
	£m	**£m**	£m	£m
2005 loan notes	**-**	**-**	23.1	23.0
2007 loan notes	**-**	**-**	36.2	32.7
2009 loan notes	**-**	**-**	11.6	9.7
2013 Mitsubishi debt	**274.9**	**271.5**	260.6	257.0
2014 Mizuho debt	**121.7**	**120.0**	122.1	120.2
2014 Mitsubishi debt	**60.7**	**60.0**	60.9	60.1
2014 BTMU debt	**67.2**	**65.2**	63.4	61.8
2014 SMBC debt	**66.3**	**65.2**	63.0	61.7
Total	**590.8**	**581.9**	640.9	626.2

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

17. Financial instruments (continued)

b) Valuation of financial assets and liabilities (continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset of liability that are not based on observable market data (unobservable inputs).

Changes in Level 3 instruments for the year ended 31 December 2015 are presented in Note 23.

2015	Level 1 £m	Level 2 £m	Level 3 £m	**Carrying value 2015 £m**
Financial assets				
Fair value through profit and loss (FVTPL)				
- Held for trading	-	0.7	-	**0.7**
Derivative instruments in designated hedge accounting relationships	-	26.3	-	**26.3**
Held to maturity investments	-	-	-	-
Available-for-sale financial assets	-	-	10.6	**10.6**
Total financial assets measured at fair value	-	**27.0**	**10.6**	**37.6**
Financial liabilities				
Fair value through profit and loss (FVTPL)				
- Held for trading	-	(2.2)	-	(2.2)
- Acquisition put option derivatives	-	-	(159.0)	(159.0)
Derivative instruments in designated hedge accounting relationships	-	(3.6)	-	(3.6)
Deferred consideration	-	-	(331.3)	(331.3)
Total financial liabilities measured at fair value	-	**(5.8)**	**(490.3)**	**(496.1)**

2014	Level 1 £m	Level 2 £m	Level 3 £m	Carrying value 2014 £m
Financial assets				
Fair value through profit and loss (FVTPL)				
- Held for trading	-	0.6	-	0.6
Derivative instruments in designated hedge accounting relationships	-	8.5	-	8.5
Held to maturity investments	0.1	-	-	0.1
Available-for-sale financial assets	22.7	-	10.2	32.9
Total financial assets measured at fair value	22.8	9.1	10.2	42.1

17. Financial instruments (continued)

b) Valuation of financial assets and liabilities (continued)

Financial liabilities				
Fair value through profit and loss (FVTPL)				
- Held for trading	-	(1.4)	-	(1.4)
- Acquisition put option derivatives	-	-	(96.5)	(96.5)
Derivative instruments in designated hedge accounting relationships	-	(7.1)	-	(7.1)
Deferred consideration	-	-	(348.9)	(348.9)
Total financial liabilities measured at fair value	-	(8.5)	(445.4)	(453.9)

There were no transfers between levels during 2015 or 2014.

c) Interest rate and currency profile

The following interest rate and currency profile of the Group's financial assets and liabilities is after taking into account any interest rate and cross currency swaps entered into by the Group.

Financial assets

The table below summarises current financial assets by interest type. The Group's non-current financial assets do not bear interest.

	Floating rate	**Non-interest bearing**	**2015 Total**	Floating rate	Non-interest bearing	2014 Total
	£m	**£m**	**£m**	£m	£m	£m
GBP	**11.0**	**5.8**	**16.8**	146.3	0.5	146.8
USD	**269.0**	**19.4**	**288.4**	262.6	10.2	272.8
EUR	**120.7**	**13.0**	**133.7**	154.8	11.9	166.7
Other currencies	**220.9**	**19.3**	**240.2**	239.9	11.2	251.1
	621.6	**57.5**	**679.1**	803.6	33.8	837.4

The majority of cash is invested in short term fixed rate deposits of less than one month with the balance in interest bearing current accounts. It is management's view that the short term nature of these deposits means they effectively act as floating rate assets.

The floating rate financial assets above are represented by cash at bank and in hand and short-term deposits.

17. Financial instruments (continued)

Financial liabilities

	Fixed rate	**Floating rate**	**Non-interest bearing**	**2015 Total**	Fixed rate	Floating rate	Non-interest bearing	2014 Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
GBP	**429.6**	**0.2**	**0.8**	**430.6**	417.5	9.0	0.7	427.2
USD	**610.2**	**0.3**	**2.4**	**612.9**	633.6	2.4	4.5	640.5
EUR	**122.7**	**1.0**	**1.6**	**125.3**	111.8	0.7	0.1	112.6
Other currencies	**30.0**	**166.5**	**7.1**	**203.6**	45.1	95.3	-	140.4
Gross borrowings	**1,192.5**	**168.0**	**11.9**	**1,372.4**	1,208.0	107.4	5.3	1,320.7
Issue costs of debt	**(0.4)**	**(1.5)**	**-**	**(1.9)**	(0.5)	(1.9)	-	(2.4)
	1,192.1	**166.5**	**11.9**	**1,370.5**	1,207.5	105.5	5.3	1,318.3

The bank overdraft borrowings and the revolving credit facility incur interest at floating rates. All other borrowings incur interest at fixed rates after taking the swap arrangements into account.

18. Deferred tax

	Recognition of Financial Liabilities £m	**Purchased Intangibles £m**	**Deductions in respect of goodwill £m**	**Losses £m**	**Other temporary differences £m**	**Total £m**
At 1 January 2015 - asset / (liability)	**1.1**	**(58.2)**	**(47.1)**	**38.8**	**14.2**	**(51.2)**
Exchange rate differences	**-**	**1.4**	**-**	**(2.3)**	**0.5**	**(0.4)**
Deferred tax on acquisitions	**-**	**(25.5)**	**-**	**-**	**-**	**(25.5)**
Amount provided in reserves	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Transfers	**-**	**2.2**	**-**	**0.1**	**0.1**	**2.4**
P&L movement	**(0.7)**	**25.8**	**(19.8)**	**11.1**	**2.6**	**19.0**
At 31 December 2015 - asset / (liability)	**0.4**	**(54.3)**	**(66.9)**	**47.7**	**17.9**	**(55.2)**

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset).

	2015	2014
	£m	£m
Deferred tax asset	**34.7**	29.8
Deferred tax liability	**(89.9)**	(81.0)
	(55.2)	(51.2)

The Group has the following temporary differences in respect of which no deferred tax asset has been recognised.

18. Deferred tax (continued)

	2015 £m	2014 £m
Losses - revenue	**157.3**	151.1
Losses - capital	**186.2**	183.6
Other temporary differences	**13.8**	7.9
	357.3	342.6

Included in losses - revenue, are losses of £0.5m that will expire by 2016, £0.6m that will expire by 2017, £0.6m that will expire by 2018, £1.0m that will expire by 2019, £1.8m that will expire by 2020, £11.7m that will expire after 2021 and £141.1m of losses that may be carried forward indefinitely.

Included in losses - capital, are capital losses of £89.7m (2014: £87.1m) that have a tax expiry of 1 year (2014: 2 years). The total amount of tax losses and other temporary differences for which no deferred tax was recognised was £357.3m (2014: £342.6m).

Balances in the subsidiary entities are shown on a 100% basis, regardless of ownership percentage. Balances in associates and joint ventures are not included.

No deferred tax liability is recognised on temporary differences of £648.9m (2014: £480.5m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at 31 December 2015 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.
Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

19. Provisions

	2015 £m
At 1 January 2015	19.1
Additional provision in the year	2.0
Additional provision arising on acquisition	1.6
Utilisation	(0.2)
Released	(5.4)
Exchange differences	(4.8)
At 31 December 2015	**12.3**

Provisions include provisions arising on acquisition for certain potential social security liabilities and onerous leases on property.

19. Provisions (continued)

Contingent liabilities

The Company and its subsidiaries are subject to legal challenges and claims from time to time, and such claims are vigorously defended. The Directors do not anticipate that the outcome of pending legal proceedings, either individually or in aggregate, will have a material adverse effect on the consolidated accounts or on the operations of the Group.

20. Share capital

	2015 Number of ordinary shares	**2015 £m**	2014 Number of ordinary shares	2014 £m
Ordinary shares of 5.5p issued, allotted, called up and fully paid:				
At 1 January	**1,426,866,828**	**78.5**	1,313,015,200	72.2
Issue of shares by the Company	-	-	113,851,628	6.3
At 31 December	**1,426,866,828**	**78.5**	1,426,866,828	78.5

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

21. Share premium account

	2015 £m	2014 £m
At 1 January	**724.0**	404.3
Issue of shares by the Company	-	319.7
At 31 December	**724.0**	724.0

22. Acquisition of subsidiaries

Summary of acquisitions

During the period, the Group acquired subsidiaries as detailed below:

Company	Country of incorporation	Network brand	% Acquired (Total Group holding)	% Non-controlling interests recognised	Month of acquisition
BWM	Australia	Dentsu Creative	51% (51%)	49%	January
Soap	Australia	Isobar	51% (51%)	49%	January
Wat Consult	India	Isobar	90%* (90%)	-	January
Upper Storey	Singapore	Isobar	51% (70%)	30%	February
Mind Works	Greece	iProspect	80% (80%)	20%	March
Forbes Consulting Group	USA	Other	100% (100%)	-	April
AbaGada	Israel	iProspect	100% (100%)	-	April
Flexmedia	Thailand	iProspect	61% (61%)	39%	May
John Brown	UK	iProspect	85% (85%)	15%	May
Marketing Wizards	Poland	iProspect	100% (100%)	-	June
eCommera	UK	Isobar	100% (100%)	-	June
Redirect	Brazil	iProspect	100% (100%)	-	July
Adams Media	Ghana	Carat/Vizeum	60% (60%)	40%	July
Mediaforce Vizeum	Philippines	Vizeum	70% (100%)	-	July
Wink	Spain	Vizeum	47% (64%)	36%	July
Vizeum Beijing	China	Vizeum	60% (100%)	-	August
ASPAC	Philippines	Other	70% (70%)	30%	September
Fountainhead	India	Isobar	90%* (90%)	-	October
Zone Franche	France	MKTG	100% (100%)	-	October
Band	Singapore	Interprise	100% (100%)	-	December
Same Same	France	McGarryBowen	100% (100%)	-	December
Navegg	Brazil	Amnet	100% (100%)	-	December
Grip	Canada	Other	100% (100%)	-	December
Pontomobi	Brazil	MKTG	100% (100%)	-	December

* For accounting purposes the Group controls 100% of the acquired entity

Acquisitions that have not been rebranded to the existing network brands are referred to as 'Other' above.

The acquisitions were entered into to strengthen the Group's operations and increase its market share around the world, especially in faster growing regions; and to enhance its servicing capabilities in media and digital.

22. Acquisition of subsidiaries (continued)

During the year, the Group also acquired additional stakes in existing subsidiaries as detailed below:

Company	Country of incorporation	% Acquired (Total Group holding)	Month of acquisition
Hme Germany	Germany	25% (75%)	March
Carat Leeds	UK	49.5% (88.8%)	April
View Portugal	Portugal	12.25% (63.25%)	June
Oddfellows	Australia	49% (100%)	August
Fetch	UK	20% (100%)	October
Triangulo	Chile	5% (95%)	December

If the acquisitions above (excluding additional stakes in existing subsidiaries) had been completed on the first day of the financial year, Group revenues for 2015 would have been £2,019.2m and the profit before interest and tax for the continuing Group, would have been £220.8m. Post-acquisition revenue and profit before interest and tax on 2015 acquisitions was £65.6m and £14.8m respectively.

Goodwill capitalised in the period represents the expected future benefits of improving the breadth of the Group's service offering and anticipated operational synergies. No goodwill capitalised in the period is deductible for income tax purposes. All non-controlling interests are measured at the non-controlling interest share of the carrying value of net assets.

Under IFRS 3 the Group has 12 months in which to finalise the goodwill valuation and purchase price allocation for each acquisition. For acquisitions acquired in the final quarter of the year the Group has applied its best estimate of the Goodwill however this may be subject to change within the 12 month period.

Consideration paid for acquisitions of subsidiaries, excluding acquisition costs, totalled £106.4m with estimated deferred consideration, as calculated at the acquisition date, of £117.2m payable between 2015-2021, subject to performance criteria. In those cases where the Group achieved control of subsidiaries for the first time, the acquisitions are not individually material to the Group and therefore the following disclosures are provided in aggregate.

A provisional summary of the net assets acquired and goodwill arising in respect of all acquisitions made in the year is given below:

22. Acquisition of subsidiaries (continued)

Provisional assessment of net assets acquired:	Carrying amount acquired	Accounting policy and Fair value adjustments	Fair value of net assets
	£m	£m	£m
Intangible assets	2.2	86.3	88.5
Property, plant and equipment	2.3	-	2.3
Deferred tax assets	1.8	-	1.8
Other non-current assets	0.5	-	0.5
Trade and other receivables	48.2	-	48.2
Other financial assets	0.3	-	0.3
Work in progress	1.2	-	1.2
Cash and cash equivalents	18.7	-	18.7
Trade and other payables	(60.2)	-	(60.2)
Other liabilities	(1.2)	-	(1.2)
Borrowings	(13.0)	-	(13.0)
Current tax liabilities	(1.9)	-	(1.9)
Deferred tax liabilities	-	(22.2)	(22.2)
Net assets	**(1.1)**	**64.1**	**63.0**
Non-controlling interest on current period acquisitions			(7.9)
Fair value adjustments on step-acquisitions			(23.2)
Goodwill capitalised in the period			191.7
Consideration			**223.6**
Satisfied by:			
Cash consideration			106.4
Deferred cash consideration			117.2
			223.6

23. Other non-current liabilities

	2015	2014
	£m	£m
Deferred consideration	**184.7**	169.6
Pensions	**9.1**	8.8
Other	**66.2**	46.8
At 31 December	**260.0**	225.2

23. Other non-current liabilities (continued)

Deferred consideration

Deferred consideration, which has been included within trade and other payables to the extent that it is due within one year (note 16), may be paid to the vendors of certain subsidiary undertakings in the years to 2020. Such payments are either fixed under the terms of the acquisition or are contingent on future financial performance.

Deferred consideration is discounted at the Group's weighted average cost of borrowing. The Directors estimate that, at the rates of exchange ruling at the balance sheet date, the discounted liability at the balance sheet date for payments that may be due is as follows:

	2015	2014
	£m	£m
Within one year	**146.6**	179.3
Between one and two years	**54.5**	76.9
Between two and five years	**107.9**	91.7
Greater than 5 years	**22.3**	1.0
	331.3	348.9

The minimum potential liability is £39.5m (2014: £19.2m) and the maximum potential liability is £1,154.8m (2014: £883.0m). The maximum potential liability is only payable if the post-acquisition profit performance of the acquisition meets stretching profit targets in the post-acquisition period.

Liabilities in respect of put options granted to non-controlling interests are disclosed as derivative liabilities. Their expected maturities are disclosed in note 17 and a reconciliation of movements in the year are shown below.

Analysis of derivative financial instruments

A reconciliation of the movements in the calculated fair value of put option derivatives is provided below

	2015	2014
	£m	£m
Balance at 1 January	**(96.5)**	(34.6)
Put options issued	**(76.8)**	(68.0)
Put options settled and lapsed	**4.5**	1.2
Put options extinguished on disposal of subsidiaries	**-**	4.3
Revisions of estimated fair value	**(5.2)**	(11.0)
Discounting	**5.0**	7.4
Exchange differences	**10.0**	4.2
Balance at 31 December	**(159.0)**	(96.5)

An increase of 1% in the rate used to discount the expected gross value of payments would lead to a decrease in the recorded liability of £4.8m.

23. Other non-current liabilities (continued)

Analysis of derivative financial instruments (continued)

A reconciliation of the movements in the calculated fair value of deferred consideration is provided below:

	2015 £m	2014 £m
Balance at 1 January	**(348.9)**	(306.5)
Deferred consideration created	**(120.1)**	(109.5)
Deferred consideration settled	**133.6**	66.7
Disposal of subsidiaries	**-**	1.7
Revisions of estimated fair value recognised in the income statement	**3.1**	13.8
Revisions of estimated fair value impacting goodwill and associates	**(9.1)**	(9.3)
Unwind of discounting	**(7.2)**	(8.6)
Exchange differences	**17.3**	2.8
Balance at 31 December	**(331.3)**	(348.9)

An increase of 1% in the rate used to discount the expected gross value of payments would lead to a decrease in the recorded liability of £4.5m.

In 2014 within deferred consideration created is deferred consideration acquired of £32.1m in relation to DHUSA.

24. Contingent Asset

As reported in prior years, during 2006 the Group became aware of a fraud perpetrated against DAN Germany (formerly Aegis Media Germany). The Group has successfully recovered a portion of the monies expected to be due. Further recoveries are anticipated in future years but the value to be received is not sufficiently certain to be recognised as an asset.

25. Notes to the cash flow statement

	2015 £m	2014 £m
Operating profit from continuing operations	**199.6**	134.5
Operating profit from discontinued operations	**-**	1.5
Total Group operating profit	**199.6**	136.0
Adjustments for:		
Depreciation of property, plant and equipment	**34.4**	25.1
Amortisation of intangible assets	**92.1**	73.9
Impairment of intangibles and property, plant and equipment	**15.6**	1.3
Impairment on goodwill and investments	**12.9**	-
Loss/(gain) on disposal of subsidiaries	**3.7**	(0.2)
Net loss on disposal of intangibles and property, plant and equipment	**-**	0.3
Decrease in provisions	**(3.2)**	(2.0)
	355.1	234.4
Increase in receivables	**(401.1)**	(573.7)
Decrease in work in progress	**25.5**	17.7
Increase in payables	**308.5**	587.0
	(67.1)	31.0
Cash generated from operations	**288.0**	265.4

25. Notes to the cash flow statement (continued)

	1 January 2015 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	**31 December 2015 £m**
Analysis of net debt					
Cash and short-term deposits	837.4	(135.7)	-	(22.6)	679.1
Overdrafts	(6.7)	(22.8)	-	(0.2)	(29.7)
Cash and cash equivalents	830.7	(158.5)	-	(22.8)	649.4
Debt due within one year	(146.0)	(15.9)	(27.6)	6.0	(183.5)
Debt due after more than one year	(1,168.0)	62.8	(4.7)	(49.3)	(1,159.2)
Net debt before issue costs of debt	(483.3)	(111.6)	(32.3)	(66.1)	(693.3)
Issue costs of debt	2.4	-	(0.5)	-	1.9
Total	(480.9)	(111.6)	(32.8)	(66.1)	(691.4)

26. Operating lease arrangements

	2015 £m Land and buildings	**2015 £m Other**	**2015 £m Total**	2014 £m Land and buildings	2014 £m Other	2014 £m Total
Lease payments under operating leases recognised in operating expenses from continuing operations	**84.8**	**1.6**	**86.4**	65.5	1.3	66.8

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Net minimum lease commitments	**2015 £m Land and buildings**	**2015 £m Other**	**2015 £m Total**	2014 £m Land and buildings	2014 £m Other	2014 £m Total
Within one year	**117.6**	**1.6**	**119.2**	66.9	1.4	68.3
In the second to fifth years inclusive	**295.3**	**2.1**	**297.4**	228.7	1.8	230.5
After five years	**245.9**	**-**	**245.9**	175.9	-	175.9
	658.8	**3.7**	**662.5**	471.5	3.2	474.7

Operating lease payments principally represent rentals payable by the Group for certain of its office properties. Outstanding leases have an average term of 3 years and 4 months, and rentals are fixed for an average of 1 year and 8 months.

27. Related party transactions

The Group's ultimate controlling party and ultimate parent is Dentsu Inc. (incorporated in Japan), which owns 100% of the Company's shares.

Remuneration of key management personnel is disclosed within note 5 - staff costs.

Transactions with associated undertakings

In 2015, the balance due from Group companies to associated undertakings at the end of 2015 was £0m (2014: £0.2m). The balance due from associated undertakings to Group companies at the end of 2015 was £3.2m (2014: £5.5m).

Transactions and balances with Dentsu Inc. and Dentsu Group companies

Counterparty	Gross Media Billings £m	Gross Media Buying £m	Receivables £m	Payables £m	Borrowings £m	Other Income £m	Other Purchases £m	**Total £m**
Dentsu Inc.	13.0	(0.1)	6.1	-	(577.0)	3.5	(0.1)	**(554.6)**
&c. Inc.	2.2	-	2.2	(1.9)	(23.3)	1.8	-	**(19.0)**
Beijing Dentsu Adv.	8.8	(1.9)	8.3	(0.6)	-	-	-	**14.6**
Dentsu Rihai Communication Co Ltd	0.3	(0.1)	1.3	(0.1)	(16.7)	0.7	-	**(14.6)**
Dentsu Asia Pte Ltd	-	-	0.6	(3.8)	(0.2)	-	(4.0)	**(7.4)**
Media Palette Taiwan Inc	4.2	(0.1)	0.7	-	-	-	-	**4.8**
Dentsu Kuohua Inc.	1.4	-	0.1	-	-	-	-	**1.5**
Dentsu Singapore Pte Ltd	2.7	(0.2)	1.9	-	(5.7)	1.2	-	**(0.1)**
Dentsu TOP Co Ltd	-	-	-	-	-	0.2	-	**0.2**
Other Parent and Other Dentsu Group Entities	22.8	(9.9)	13.0	(2.8)	(1.9)	7.2	(3.6)	**24.8**
Total balance with Parent and Other Dentsu Group Entities	**55.4**	**(12.3)**	**34.2**	**(9.2)**	**(624.8)**	**14.6**	**(7.7)**	**(549.8)**
Other related parties	0.0	(0.7)	3.9	(0.7)	-	0.2	(0.6)	**2.1**
Total	**55.4**	**(13.0)**	**38.1**	**(9.9)**	**(624.8)**	**14.8**	**(8.3)**	**(547.7)**

28. Subsequent events

Acquisitions completed after the balance sheet date

In January 2016 the Group acquired PML, the leading OOH media planning and buying specialist in Ireland, with 41 professionals in Dublin and Belfast. PML will become part of the Posterscope worldwide network.

In February 2016 the Group acquired Alesport a well-established sports and event marketing and brand activation specialist in Spain. This acquisition will consolidate and extend a diverse portfolio of services within our network in Spain as well as further strengthening our global proposition in sports and event marketing.

In February 2016 the Group acquired Achtung! – the high performing and award winning creative agency headquartered in Amsterdam. Achtung! will serve as mcgarrybowen's third creative hub in Europe.

In February 2016 the Group acquired a majority stake in Barnes, Catmur & Friends New Zealand – a full-service creative agency with 31 staff in Auckland. It will be the flagship creative agency brand of Dentsu Aegis Network New Zealand.

In March 2016 the Group acquired Adexpres, a leading independent group of digital agencies in the Czech Republic; Flock a digital creative agency in Mexico and Cardinal Path a digital data consulting firm in the US and Canada.

Five-year Summary

	2015	**2014**	2013	2012	2011
	£m	£m	£m	£m	£m
Income statement					
Revenue	**1,972.2**	1,502.0	1,322.5	1,192.6	1,068.8
Profit before tax	**143.5**	104.8	157.4	79.8	299.0
Profit attributable to equity holders of the parent	**79.8**	54.7	100.4	52.9	299.0
Profit before tax	**143.5**	104.8	157.4	(26.5)	299.0
Profit attributable to equity holders of the parent	**79.8**	54.7	100.4	(49.3)	271.1
Balance sheet					
Non-current assets	**2,482.5**	2,300.3	1,682.0	1,721.7	1,396.0
Net current assets / (liabilities)	**(111.9)**	42.4	(97.7)	(388.0)	(111.0)
Non-current liabilities	**(1,658.0)**	(1,591.8)	(957.9)	(954.5)	(822.3)
Net assets	**712.6**	750.9	626.4	379.2	462.7
Financed by:					
Equity	**664.4**	721.1	614.1	374.9	457.1
Non-controlling interests	**48.2**	29.8	12.3	4.3	5.6
	712.6	750.9	626.4	379.2	462.7

Dentsu Aegis Network Ltd
Company Balance Sheet
at 31 December 2015

	Notes	2015	2014
Non-current assets		**£m**	£m
Property, plant and equipment	6	**5.7**	6.9
Intangible assets	7	**3.8**	2.3
Investments	8	**1,469.8**	1,453.1
Derivative financial assets	12	**-**	1.5
Deferred tax asset	5	**5.5**	5.0
		1,484.8	1,468.8
Current assets			
Trade and other receivables	9	**1,086.7**	1,226.2
Cash at bank and in hand		**0.4**	-
		1,087.1	1,226.2
Total Assets		**2,571.9**	2,695.0
Current liabilities			
Trade and other payables	10	**(96.1)**	(142.9)
Borrowings	11	**-**	(56.5)
Corporation tax	5	**(8.2)**	(8.6)
Derivative financial liabilities	12	**(3.9)**	(0.7)
		(108.2)	(208.7)
Net current assets		**978.9**	1,017.5
Non-current liabilities			
Borrowings	11	**-**	(42.5)
Other non-current liabilities	11	**(21.5)**	(15.6)
Total liabilities		**(129.7)**	(266.8)
Net assets		**2,442.2**	2,428.2
Called up share capital	13	**78.5**	78.5
Share premium account		**724.0**	724.0
Merger reserve		**13.0**	13.0
Retained earnings		**1,626.7**	1,612.7
Equity shareholders' funds		**2,442.2**	2,428.2

Company number 1403668 England and Wales

These financial statements were approved by the Board of Directors on 24 March 2016 and were signed on its behalf by:

Jerry Buhlmann (Chief Executive Officer) **Nick Priday** (Chief Financial Officer)

Dentsu Aegis Network Ltd
Statement of changes in equity
at 31 December 2015

	Share Capital	Merger Reserve	Share premium account	Retained earnings	**Total**
	£m	£m	£m	£m	**£m**
At 1 January 2014	72.2	13.0	404.3	1,579.5	**2,069.0**
Profit for the period	-		-	33.2	**33.2**
Cash flow hedges: movements taken to equity	-		-	-	**-**
Tax movements taken to equity	-		-	-	**-**
Total comprehensive income and expense	-		-	33.2	**33.2**
New share capital subscribed	6.3		319.7	-	**326.0**
At 31 December 2014	78.5	13.0	724.0	1,612.7	**2,428.2**
At 1 January 2015	78.5	13.0	724.0	1,612.7	**2,428.2**
Profit for the period	-		-	14.0	**14.0**
Cash flow hedges: movements taken to equity	-		-	-	**-**
Tax movements taken to equity	-		-	-	**-**
Total comprehensive income and expense	-		-	14.0	**14.0**
At 31 December 2015	78.5	13.0	724.0	1,626.7	**2,442.2**

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

The parent company financial statements of Dentsu Aegis Network Ltd (the "Company") for the year ended 31 December 2015 were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention modified to include the revaluation of financial instruments.

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of the Company are included in the consolidated financial statements of Dentsu Aegis Network Ltd. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015. The financial statements are prepared in pounds sterling.

The financial statements are prepared on a going concern basis as Dentsu Aegis Network Ltd is the head parent company of the Denstu Aegis Network Ltd Group, and in making its assessment, management is not aware of any material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

2. *Accounting policies*

Basis of preparation

The Company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice (UK GAAP) for all periods presented. 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 B67of 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 requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
(i) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
(ii) paragraph 118(e) of IAS 38 Intangible Assets;
(e) 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;
(f) the requirements of IAS 7 Statement of Cash Flows;
(g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(h) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
(i) 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
j) the effects of new but not yet effective IFRSs.

2. Basis of preparation and accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged to write-off the cost of these assets to their residual value over their expected useful lives, using the straight-line method, on the following basis:

Freehold buildings	1% to 5% per annum
Leasehold buildings	Over the period of the lease
Leasehold improvements	10% to 20% per annum or over the period of the lease, if shorter
Office furniture, fixtures, equipment and vehicles	10% to 50% per annum

Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses. Intangible assets are amortised to residual values on a straight-line basis over the useful economic life of the asset as follows:

Software	20% to 50% per annum
Patents and trademarks	Nil to 20% per annum
Other	10% to 50% per annum

Once acquired intangible assets have exceeded their useful economic lives, the cost and accumulated amortisation of the assets are removed from the balance sheet as an asset retirement. Any gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

2. Basis of preparation and accounting policies (continued)

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated for all business combinations in respect of intangible assets and properties. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will form part of the associated goodwill on acquisition.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, including interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity respectively.

2. Basis of preparation and accounting policies (continued)

Income taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities under current legislation and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

The Company does not apply hedge accounting of foreign exchange risks in its Company financial statements.

Investments

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

Leased assets

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rentals are charged to the income statement over the lease term on a straight-line basis. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability and recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

Retirement benefits

The retirement benefits for employees are provided by defined contribution schemes which are funded by contributions from the Company and employees. The amount charged to profit and loss is the contribution payable in the year.

Interest-bearing loans and borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption are charged to profit and loss as incurred using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

2. Basis of preparation and accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Investment income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

Equity instruments: *Liabilities in respect of option agreements with non-controlling shareholders*

In accordance with IAS 39, put options are treated as financial instruments and are required to be accounted for at inception on a net basis in the parent company's accounts. The value of the option is not recognised in the balance sheet until such time that the option is exercised.

Accounting estimates and uncertainties: *Contingent deferred consideration and put option payments in respect of acquisitions*

The Company determines the amount of deferred consideration to be recognised according to the formulae agreed at the time of acquisition, normally related to the future earnings of the acquired entity. Estimates of the expected future earnings of the acquired entity therefore affect the valuation of deferred consideration. The liability for deferred consideration is reviewed at each balance sheet date and revaluation entries are applied, if required, to deferred consideration and profit or loss in accordance with the Company's accounting policy for investments discussed above.

Deferred consideration liabilities are discounted to their fair value in accordance with IAS 37. The difference between the fair value of these liabilities and the actual amounts payable is charged to the income statement as a notional finance cost.

Key areas of judgement in calculating the fair value of the put option liabilities are the expected future cash flows and earnings of the acquired entity and the discount rate.

3. Profit for the year

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

Dentsu Aegis Network Ltd reported a profit, before the payment of dividends, for the financial year ended 31 December 2015 of £14.0m (2014: £33.2m).

The profit for the year of £14.0m includes dividends received of £4.3m (2014: £5.9m) from Group companies.

The auditor's remuneration for audit services to the Company amounted to £0.4m (2014: £0.2m) and for non-audit services amounted to £0.3m (2014: £0.4m). The audit fee for the Group is outlined in note 4 to the consolidated financial statements. The fee is borne by Dentsu Aegis Network Ltd on behalf of the Group and includes the audit of the Dentsu Aegis Network Ltd parent Company financial statements.

4. Staff costs

The monthly average number of persons employed by the Company (excluding Directors) during the year was 108 (2014: 85). Their aggregate remuneration comprised:

	2015	2014
	£m	£m
Wages, salaries, bonus and benefits	**19.0**	13.0
Social security costs	**0.9**	0.5
Pension costs	**0.9**	1.1
Staff Costs	**20.8**	14.6

A long term incentive bonus scheme is in place and the charge associated with the year ended 31 December 2015 is £6.5m (2014: £3.5m).

Remuneration for directors of the Company is disclosed in note 5 of the consolidated financial statements. It is paid by the Dentsu Aegis Network Ltd parent entity. The amount that relates to Dentsu Aegis Network Ltd parent entity only has not been disclosed on the basis that management are unable to make a reasonable apportionment of total remuneration that relates to qualifying services provided by the directors to the Dentsu Aegis Network Ltd parent entity.

5. Tax

	2015	2014
	£m	£m
Tax expense on profit	**3.4**	-
Net movement in deferred tax	**(0.5)**	2.4
Current year tax expense	**2.9**	2.4
Corporation tax payable at 1 January	**(8.6)**	(9.3)
Provisional tax paid	**3.8**	0.7
Current year tax expense	**(3.4)**	-
Transfers	**-**	-
Corporation tax payable at 31 December	**(8.2)**	(8.6)
Deferred tax asset at 1 January	**5.0**	7.4
Current year deferred tax charge	**1.2**	(2.5)
Prior year deferred tax charge	**(0.2)**	0.1
Impact of change in deferred tax rate	**(0.5)**	-
Deferred tax asset at 31 December	**5.5**	5.0

The tax charge for the year ended 31 December 2015 is £2.9m (2014: £2.4m) representing an effective tax rate on statutory profits of 21.07% (2014: 7.23%).

UK Corporation tax is calculated at 20.25% (2014: 21.50%) of estimated assessable profit for the year.

The UK Government enacted legislation which reduced the main rate of corporation tax to 20% from 1 April 2015. A further reduction in the main rate of corporation tax is proposed to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. The net UK deferred tax asset has been calculated using the substantively enacted rates applicable when the temporary difference is expected to reverse. The impact on the Company's net assets is not expected to be material.

The company has the following temporary differences in respect of which no deferred tax asset has been recognised.

	2015	2014
	£m	£m
Losses –Revenue	**46.4**	73.1
Losses – Capital	**94.7**	94.7
Total	**141.1**	167.8

The total amount of tax losses for which no deferred tax was recognised was £141.1m (2014: £167.8). These losses may be carried forward indefinitely.

The Chancellor announced in the 2016 budget that the main rate of UK corporation tax will reduce to 17% from 1 April 2020, this rate has not yet been enacted or substantively enacted.

6. Property, plant and equipment

	Long leasehold and leasehold improvements	Equipment, fixtures and fittings	Total
Cost	**£m**	**£m**	**£m**
At 1 January 2015	12.0	2.3	14.3
Additions	-	0.1	0.1
At 31 December 2015	**12.0**	**2.4**	**14.4**
Accumulated depreciation			
At 1 January 2015	5.1	2.3	7.4
Charge for the year	1.3	-	1.3
At 31 December 2015	**6.4**	**2.3**	**8.7**
Carrying value			
At 31 December 2015	**5.6**	**0.1**	**5.7**
At 31 December 2014	6.9	-	6.9

7. Intangible assets

	Computer software	Patents & trademarks	Total
Cost	**£m**	**£m**	**£m**
At 1 January 2015	5.1	2.9	8.0
Additions	1.3	1.2	2.5
At 31 December 2015	**6.4**	**4.1**	**10.5**
Accumulated depreciation			
At 1 January 2015	4.2	1.5	5.7
Charge for the year	0.7	0.3	1.0
At 31 December 2015	**4.9**	**1.8**	**6.7**
Carrying value			
At 31 December 2015	**1.5**	**2.3**	**3.8**
At 31 December 2014	0.9	1.4	2.3

8. Investments

	Interests in associates	Shares in subsidiary undertakings	Total
Cost	**£m**	**£m**	**£m**
At 1 January 2015	0.2	1,628.9	1,629.1
Additions	-	16.9	16.9
Other movements	(0.2)	-	(0.2)
At 31 December 2015	**-**	**1,645.8**	**1,645.8**
Accumulated Impairment Losses			
At 1 January	-	176.0	176.0
Additions	-	-	-
At 31 December 2015	**-**	**176.0**	**176.0**
Carrying Amount			
At 31 December 2015	-	**1,469.8**	**1,469.8**
At 31 December 2014	0.2	1,452.9	1,453.1

All shareholdings are of ordinary shares.

Details of the subsidiaries and associates in which the Company holds 20% or more of the nominal value of any class of share capital are listed in note 18.

The Company is party to certain put option arrangements in respect of subsidiaries that are not wholly-owned. Under the Company's accounting policies, the value of such options is not to be recognised until such time that they have been exercised. Currently held options are exercisable from 1 July 2016 to and including 30 June 2017. The Company has assessed the value of the options to be £4.5m (2014: £11.2m) and will reassess the value of the options at each reporting period.

9. Trade and other receivables

	2015	2014
	£m	£m
Amounts owed by subsidiary undertakings	**1,077.9**	1,221.2
Other receivables	**5.2**	1.3
Prepayments and accrued income	**3.6**	3.7
	1,086.7	1,226.2

Amounts owed by subsidiary undertakings are on-demand and interest-bearing.

Decrease in amounts owed by subsidiary undertakings principally relate to payments made on intercompany trade debt.

10. Trade and other payables

	2015	2014
	£m	£m
Trade payables	**2.5**	2.0
Amounts owed to subsidiary undertakings	**60.7**	126.4
Other payables	**4.9**	1.7
Deferred lease incentive	**2.2**	2.6
Deferred consideration and put options	**1.1**	-
Accruals and deferred income	**24.7**	10.2
	96.1	142.9

In 2014, the Company held a cash pooling facility of £17.0m for Dentsu Aegis Manchester Ltd and Dentsu Aegis London Limited (formerly 'Aegis Media Limited'). In 2015, this was transferred to Aegis Group Holdings Ltd (a fellow Group company), reducing the balance owed to subsidiary undertakings.

Amounts owed to subsidiary undertakings are repayable on-demand and interest-bearing.

11. Maturity profile of Company financial liabilities

2015	Less than 1 year	1-5 years	Total
	£m	£m	£m
Bank overdrafts	-	-	-
Borrowings	-	-	-
	-	-	-
Deferred consideration	1.1	6.1	7.2
Deferred lease incentive	2.2	15.4	17.6
	3.3	21.5	24.8

2014	Less than 1 year	1-5 years	Total
	£m	£m	£m
Bank overdrafts	32.9	-	32.9
Borrowings	23.6	42.5	66.1
	56.5	42.5	99.0
Deferred consideration	-	-	-
Deferred lease incentive	2.6	15.6	18.2
	59.1	58.1	117.2

During the year the 2005, 2007 and 2009 loan notes were repaid. At the time of settlement, the total principal amount repaid was $100m (£65.4m) in addition to $2.2m (£1.5m) of accrued interest. For further detail please refer to note 17 of the Group accounts.

12. Derivative financial instruments

	2015 £m	2014 £m
Current		
Derivative financial assets	-	-
Derivative financial liabilities	**(3.9)**	(0.7)
Non-current		
Derivative financial assets	-	1.5
Derivative financial liabilities	-	-

The derivative financial assets and liabilities represent the fair value of the external and intra-Group foreign exchange contracts and cross currency interest rate swaps which are accounted for as fair value through the profit and loss account.

Details of the fair value of the Company's derivative financial instruments are set out in note 17 of the Group's financial statements.

13. Share capital

	2015 Number of ordinary shares	**2015 £m**	2014 Number of ordinary shares	2014 £m
Ordinary shares of 5.5p issued, allotted, called up, fully paid and authorised for issue:				
At 1 January	1,426,866,828	78.5	1,313,015,200	72.2
Issue of shares by the Company	-	-	113,851,628	6.3
At 31 December	1,426,866,828	78.5	1,426,866,828	78.5

Movements in called up share capital

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

The Company issued a total of nil shares (2014: 113,851,628) in the year with an aggregate nominal value of £nil (2014: £6.3m), nil (2014: nil) of which were due to the exercise of share options. The total share premium arising on the issue of shares in the year was £nil (2014: £272.7m).

14. Operating lease arrangements

At 31 December 2015, there were the following annual commitments in respect of non-cancellable operating leases:

	2015	2014
	£m	£m
Operating lease payments recognised in expense for the year	**7.0**	5.1

Operating lease commitments

At balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Not later than one year	**7.3**	8.1
Between two and five years	**27.6**	31.4
After 5 years	**66.3**	81.9
	101.2	121.4

15. Related Parties

The Company's ultimate controlling party and ultimate parent is Dentsu Inc. (incorporated in Japan), which owns 100% of the Company's shares. The financial statements of Dentsu Inc. are publicly available.

Details of the Groups related parties can be found in note 27 of the Dentsu Aegis Network Ltd consolidated Group accounts.

16. Transition to FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Exemptions applied under FRS 101 are listed in note 2.

16. Transition to FRS101 (continued)

Reconciliation of equity as at 1 January 2014	**Notes**	**UK GAAP**	**FRS101 Reclassification/ Remeasurement**	**FRS 101**
Non-current assets		**£m**	**£m**	£m
Property, plant and equipment		10.5	-	10.5
Intangibles assets		4.1	-	4.1
Investments		738.6	-	738.6
Derivative financial assets		0.7	-	0.7
Deferred tax asset		7.4	-	7.4
Debtors		75.9	-	75.9
		837.3	**-**	**837.3**
Current assets				
Debtors		1,584.9	-	1,584.9
Cash at bank and in hand		-	-	-
		1,584.9	**-**	**1,584.9**
Creditors: Amounts falling due within one year		(283.4)	(9.2)	(292.6)
Net current assets		**1,301.5**	**(9.2)**	**1,292.3**
Creditors: Amounts falling due after more than one year		(60.6)	-	(60.6)
Derivative financial liabilities		-	-	-
Net assets		**2,078.2**	**(9.2)**	**2,069.0**
Called up share capital		(72.2)	-	(72.2)
Share premium account		(404.3)	-	(404.3)
Merger reserve		(13.0)	-	(13.0)
Capital reserve		(301.4)	301.4	-
Profit and loss account		(1,287.3)	(292.2)	(1,579.5)
Equity shareholders' funds		**(2,078.2)**	**9.2**	**(2,069.0)**

16. Transition to FRS101 (continued)

Reconciliation of equity as at 31 December 2014	Notes	UK GAAP	FRS101 Reclassification/ Remeasurement	FRS 101
Non-current assets		**£m**	**£m**	£m
Tangible assets	6	6.9	-	6.9
Intangible assets	7	2.3	-	2.3
Investments	8	1,453.1	-	1,453.1
Derivative financial assets	12	1.5	-	1.5
Deferred tax asset	5	4.9	0.1	5.0
		1,468.7	**0.1**	**1,468.8**
Current assets				
Debtors	9	1,226.2	-	1,226.2
Cash at bank and in hand		-	-	-
		1,226.2	**-**	**1,226.2**
Creditors: Amounts falling due within one year		(214.4)	5.7	(208.7)
Net current assets		**1,011.8**	**5.7**	**1,017.5**
Creditors: Amounts falling due after more than one year		(51.1)	(7.0)	(58.1)
Derivative financial liabilities		-	-	-
Net assets		**2,429.4**	**(1.2)**	**2,428.2**
Called up share capital	13	(78.5)	-	(78.5)
Share premium account		(724.0)	-	(724.0)
PAMI		11.2	(11.2)	-
Merger reserve		(13.0)	-	(13.0)
Capital reserve		(301.4)	301.4	-
Profit and loss account		(1,323.7)	(289.0)	(1,612.7)
Equity shareholders' funds		**(2,429.4)**	**1.2**	**(2,428.2)**

17. Restatement of equity from UK GAAP to FRS 101

a) Rent expense

Previously under UK GAAP, lease incentives were spread over the period to the first rent review. Under IFRS, they are recognised over the term of the lease on a straight-line basis. Hence the benefit of the lease incentive is spread over a longer period. The impact on the balance sheet at 1 January 2014 has been to increase the deferred lease incentive liability by £9.2m.

The effect on the balance sheet as at 31 December 2014 has been to increase the deferred lease incentive by £12.5m (the impact is split between current and non-current liabilities) and correspondingly increase the deferred tax balance by £0.1m. The remaining impact on the balance sheet net assets as at 31 December 2014 is due to the derecognition of the put option liability of £11.2m as explained in note (e) below.

b) Operating lease arrangements

Under UK GAAP, a lessee is required to disclose the payments committed to be made during the next year, analysed between those in which the commitment expires. Under IFRS, a lessee is required to disclose the total minimum lease payment due over the lease term. As a result, the operating lease commitment is significantly higher under IFRS.

c) Capital reserve

The capital reserve balance was transferred to retained earnings as there are no restrictions on the use of these funds and hence they are considered to be distributable.

d) Holiday pay accrual

On transition to IFRS, the Company is required to recognise a balance for holiday pay accrued. This was assessed by management and considered immaterial to disclose.

e) PAMI reserve

Upon conversion, the Company has reassessed its treatment of liabilities. The Company previously recognised a gross put option liability of £11.2m to acquire shares in non-wholly owned subsidiaries and recognised the Potential to Acquire Minority Interest (PAMI) in equity. Treatment under IAS 39 Financial Instruments requires the option to be valued at inception on a net basis in the parent company's accounts. As a result, fair value of the put option has been derecognised until the option has been exercised and the liability recognised on the balance sheet (refer to note 8 for further detail).

f) Profit and loss account reserve

On transition to FRS 101, the net impact on the profit and loss account as at 1 January 2014 is £292.2m. This relates to the reallocation of capital reserves of £301.4m to the profit and loss account and the impact of the increase in the deferred lease incentive liability of £9.2m.

The net impact on the profit and loss account as at 31 December 2014 is £289m. This relates to the reallocation of capital reserves of £301.4m to the profit and loss account reserve and the net impact of the increase in the deferred lease incentive liability of £12.4m.

18. Subsidiaries and associates

The entities listed below in sections 1 and 2 are subsidiaries of the Company or the Group as at 31 December 2015. The entities listed below in section 3 are associates of the Company or Group as at 31 December 2015. The results (or the relevant proportion of the results) for all of the subsidiaries which are deemed to be controlled by the Company have been consolidated within the Group financial statements.

Section 1 - Subsidiaries held directly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company
Aegis Luxembourg S.A.R.L.	Luxembourg	100%
Aegis Finance *	United Kingdom	100%
Aegis GPS Holdings Limited	United Kingdom	100%
Aegis Group Holdings Limited	United Kingdom	100%
Aegis Group Investments Limited	United Kingdom	100%
Aegis Group Nominees Limited	United Kingdom	100%
Aegis Group Trustees Limited	United Kingdom	100%
Aegis Media Global Brand Management Limited	United Kingdom	100%
Aegis TI *	United Kingdom	100%
Aegis TIG Limited	United Kingdom	100%
Aegis Treasury Investments Limited	United Kingdom	100%
Aegis Triton Limited	United Kingdom	100%
Carat Management Services (UK) Limited	United Kingdom	100%
Carat Media Services Asia Pacific Limited	United Kingdom	100%
Dentsu McGarryBowen UK Ltd	United Kingdom	100%
Fetch Media Limited	United Kingdom	100%
Isobar Global Limited	United Kingdom	100%
John Brown Acquisitions Limited	United Kingdom	85%

* Principal place of business at 10 Triton Street, Regent's Place, London NW1 3BF

Section 2 - Subsidiaries held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company
Carat Argentina S.A.	Argentina	100%
iProspect Argentina S.A.	Argentina	100%
Vizeum Argentina S.A.	Argentina	100%
@ODDS Pty Ltd	Australia	100%
@TACK Pty Ltd	Australia	100%
Aegis Finance Australia LLP	Australia	100%
Aegis Media Australia PTY Ltd	Australia	100%
Agile Automated Advertising Pty Ltd	Australia	100%
AMNET Australia Pty Ltd	Australia	100%
Amplifi Australia Pty Ltd	Australia	100%
Apollo Marketing Australia Pty Limited	Australia	100%
Carat (WA) Pty Ltd	Australia	100%
Carat Australia Media Services Pty Ltd	Australia	100%
Carat Australia Pty Limited	Australia	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Carat Media Pty Ltd	Australia	100%
Carat Melbourne Pty Ltd	Australia	100%
Coleman Group Pty Ltd	Australia	100%
Columbus Agency Pty Ltd	Australia	100%
D2D Data 2 Decisions Pty Ltd	Australia	100%
Dentsu Aegis Network (ANZ) Management Services Pty Ltd	Australia	100%
Dentsu Aegis Network Australia Holdings Pty Ltd	Australia	100%
Dentsu Aegis Network Australia Pty Ltd	Australia	100%
Dentsu Australia Pty Ltd	Australia	100%
Dentsu Mitchell Media (NSW) Pty Ltd	Australia	100%
Dentsu Mitchell Media (QLD) Pty Ltd	Australia	100%
Dentsu Mitchell Media (WA) Pty Ltd	Australia	100%
Dentsu Mitchell Media Australia Pty Ltd	Australia	100%
Dentsu Mitchell Media Proprietary Limited	Australia	100%
Haystac Public Affairs Pty Ltd	Australia	100%
Huckleberry Agency Pty Ltd	Australia	100%
Insite Organisation Pty Ltd	Australia	100%
iProspect Pty Limited	Australia	100%
Isobar Australia Pty Limited	Australia	100%
Isobar Communications Pty Ltd	Australia	100%
Jumptank Pty Ltd	Australia	100%
Marketing Resources Management Group Pty Limited	Australia	100%
Mitchell Communication Group Ltd	Australia	100%
Neodigital Pty Ltd	Australia	100%
Oddfellows Dentsu Pty Ltd	Australia	100%
Oddfellows Holdings Pty Limited	Australia	100%
Picture This! Productions Pty Ltd	Australia	100%
Positive Outcomes Pty Ltd	Australia	100%
Posterscope Australia Pty Ltd	Australia	100%
Rodeo Agency Pty Ltd	Australia	100%
Safecom Solutions Pty Limited	Australia	100%
Spark P R Pty Ltd	Australia	100%
Stadia Media Pty Ltd	Australia	100%
Steak PTY Ltd.	Australia	100%
Team Epic Australia	Australia	100%
Vivid Group Pty Ltd	Australia	100%
Vivid Holdings Australia Pty Ltd	Australia	100%
Vizeum Australia Pty Limited	Australia	100%
Web Data Group Pty Ltd	Australia	100%
WSA Media Buying Pty Ltd	Australia	100%
Carat Austria GmbH	Austria	100%
Dentsu Aegis Network Austria GmbH	Austria	100%
iProspect GmbH (Austria)	Austria	100%
Pjure Isobar Werbeagentur GmbH	Austria	100%
Vizeum Austria Media Service GmbH	Austria	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Amnet Belgium SA	Belgium	100%
Carat Belgium SA	Belgium	100%
Dentsu Aegis Network Belgium SA	Belgium	100%
iProspect Belgium SA	Belgium	100%
Netsociety Belgium SPRL	Belgium	100%
Posterscope Belgium SA	Belgium	100%
V&V Partnership BVBA	Belgium	100%
Vizeum Belgium SA	Belgium	100%
Agenciaclick - Midia Interativa S.A.	Brazil	100%
Agenciaclick Brasilia Ltda	Brazil	100%
Amnet Servicos de Publicidade Ltda	Brazil	100%
Amplifi Comunicacao E Otimizacao de Midia Ltda	Brazil	100%
Big Scotch Midia Interativa Ltda.	Brazil	100%
Big Talk Midia Interativa Ltda	Brazil	100%
Copernicus Assessoria em Marketing Ltda.	Brazil	100%
DigitalContent Provedor de Conteudo Ltda.	Brazil	100%
iProspect Search & Marketing S.A.	Brazil	100%
Jumptank Servicos de Marketing e Midia Ltda	Brazil	100%
Mcgarrybowen Brasil Comunicacoes S.A.	Brazil	100%
MKTG Marketing e Promocao de Eventos Ltda	Brazil	100%
NVG Participacoes S.A.	Brazil	100%
Plusmedia Servicos de Marketing Ltda.	Brazil	100%
Pontomobi Tecnologia Informatica Ltda	Brazil	100%
wwwins.com Holding Co., Ltd	British Virgin Islands	100%
eCommera EOOD	Bulgaria	100%
Aegis Media Innov8 Inc.	Canada	100%
AMNET Media Canada, Inc.	Canada	100%
Amplifi Media Canada Inc.	Canada	100%
Carat Canada Inc	Canada	100%
Carat Stratégem Inc.	Canada	100%
Data2Decisions Canada Inc.	Canada	100%
Dentsu Aegis Network Canada Inc.	Canada	100%
Dentsu Media Canada Inc.	Canada	100%
DENTSUBOS INC.	Canada	100%
Grip Limited	Canada	100%
ICUC/iProspect Moderation services, Inc.	Canada	100%
iProspect Canada Inc.	Canada	100%
Isobar Canada, Inc.	Canada	100%
The Spoke Agency Ltd	Canada	100%
Vizeum Canada Inc.	Canada	100%
Aegis Media Chile SpA	Chile	100%
Vizeum Chile SPA	Chile	100%
Aegis Media Technology Co., LTD.	China	100%
Band Commercial Consulting (Shanghai) Co Ltd	China	100%
Beijing Posterscope Advertising Company Ltd	China	100%
Beijing Vizeum Advertising Co., Limited	China	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Beijing Wonderad Advertising Co., Ltd	China	100%
Beijing Xin Lan Shi Ji Advertising Co., Ltd	China	100%
Catch Stone Advertising (Beijing) Co., Ltd	China	100%
Dentsu Aegis (Shanghai) Investment Co., Ltd.	China	100%
Dentsu Top Co., Ltd.	China	100%
Guangdong Carat Media Services (China) Limited	China	100%
iProspect (Shanghai) Advertising Media Co., Ltd	China	100%
Same Same but different Marketing Planning Limited	China	100%
Shanghai An Ke Ji Tong Advertising Co., Ltd.	China	100%
Shanghai Clarity Advertising Co., Ltd	China	100%
Shanghai OMP Advertising Communication Co, Ltd.	China	100%
Shanghai Verawom Culture Communications Co., Ltd	China	100%
Trio Digital Integrated (Shanghai) Co., Ltd.	China	100%
Trust New Voice PR Consultancy Shanghai Company Limited	China	100%
Zhihuitong Advertising (Tianjin) Co., Ltd	China	100%
Dentsu Aegis Network d.o.o.	Croatia	100%
Carat Czech Republic s.r.o.	Czech Republic	100%
Dentsu Aegis Network Czech Republic s.r.o.	Czech Republic	100%
Vizeum Czech Republic s.r.o.	Czech Republic	100%
Amnet AS	Denmark	100%
Dentsu Aegis Network AS	Denmark	100%
Posterscope Denmark AS	Denmark	100%
Aegis Media LLC	Egypt	100%
Carat Estonia OU	Estonia	100%
Dentsu Aegis Network Estonia AS	Estonia	100%
Mediapool Vizeum OU	Estonia	100%
Amnet Oy	Finland	100%
Carat Finland Oy	Finland	100%
Dentsu Aegis Network Oy	Finland	100%
Irokeesi Oy	Finland	100%
Isobar Finland OY	Finland	100%
Vizeum Oy	Finland	100%
Aegis Finance SAS	France	100%
Amnet France SAS	France	100%
Aposition SAS	France	100%
Carat Expert SAS	France	100%
Carat France SAS	France	100%
Connect Factory SAS	France	100%
Connect Factory Travel SAS	France	100%
Dentsu Aegis Network France SAS	France	100%
Granit Production SAS	France	100%
iProspect France SAS	France	100%
Isobar SAS	France	100%
JH Conseil SAS	France	100%
MKTG France SAS	France	100%
Monsieur Référencement Internet SAS	France	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Pandora Media SAS	France	100%
Posterscope Contact SAS	France	100%
Posterscope France SAS	France	100%
Same Same Agency SAS	France	100%
VIZEUM FRANCE SAS	France	100%
Zone Franche SAS	France	100%
ACT EUROPE GmbH	Germany	100%
ADMATICS.COM LTD	Germany	100%
Amnet GmbH	Germany	100%
Bloecher & Partner Platforming GmbH	Germany	100%
Carat Deutschland GmbH	Germany	100%
Dentsu Aegis Network Central Europe GmbH	Germany	100%
Dentsu Aegis Network Central Europe Holding GmbH	Germany	100%
Dentsu Aegis Network Germany GmbH	Germany	100%
Dentsu Aegis Network Hamburg GmbH	Germany	100%
Dentsu Aegis Resolutions GmbH	Germany	100%
Explido Beteiligungs - GmbH	Germany	100%
Explido GmbH & Co. KG	Germany	100%
Fetch Media GmbH	Germany	100%
HMS Group Vizeum GmbH	Germany	100%
Indigo: Werbeagentur GmbH	Germany	100%
iProspect GmbH	Germany	100%
Isobar Germany GmbH	Germany	100%
McGarry Bowen GmbH	Germany	100%
Posterscope Deutschland GmbH	Germany	100%
Vizeum Deutschland GmbH	Germany	100%
Carat Communications Services SA	Greece	100%
Carat Horizon Communications Services SA	Greece	100%
Carat International Hellas Communication Services SA	Greece	100%
Dentsu Aegis Network Hellas Communication Services SA	Greece	100%
Aegis Media Hong Kong Limited	Hong Kong	100%
Band Ltd	Hong Kong	100%
Carat Media Services Hong Kong Limited	Hong Kong	100%
CC&P Advertising Limited	Hong Kong	100%
Fetch Media Hong Kong Limited	Hong Kong	100%
Gain Concept Advertising Agency Limited	Hong Kong	100%
iProspect Hong Kong Limited	Hong Kong	100%
Isobar Hong Kong Limited	Hong Kong	100%
New Language PR Consultancy Company Limited	Hong Kong	100%
Posterscope (Hong Kong) Limited	Hong Kong	100%
Posterscope Advertising Limited	Hong Kong	100%
Same Same Agency Limited	Hong Kong	100%
Same Same but different Limited	Hong Kong	100%
Trio Isobar Hong Kong Limited	Hong Kong	100%
Vision Advertising Holding Limited	Hong Kong	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Vizeum Hong Kong Limited	Hong Kong	100%
Aegis Hungary Finance Zrt.v.a.	Hungary	100%
Carat Hungary 21Media Kft.	Hungary	100%
Dentsu Aegis Network Hungary Media Kft	Hungary	100%
Isobar Budapest Zrt.	Hungary	100%
Vizeum Hungary Media Kft	Hungary	100%
Aegis Media India Private Limited	India	100%
Amnet Trading India Private Limited	India	100%
Carat Media Services India Pvt Ltd	India	100%
Doosra Brand Communications Pvt. Ltd.	India	100%
eCommera India Private Limited	India	100%
Posterscope Outdoor Advertising Private Limited	India	100%
Vizeum Media Services India Private Limited	India	100%
PT. Aegis Media Indonesia	Indonesia	100%
Amnet Ireland Ltd	Ireland	100%
Dentsu Aegis Network Ireland Holdings Limited	Ireland	100%
Dentsu Aegis Network Ireland Limited	Ireland	100%
Lucidity Technologies Limited	Ireland	100%
Posterscope Ireland Limited	Ireland	100%
Abagada Internet Ltd	Israel	100%
Dentsu Aegis Network Israel Ltd	Israel	100%
Amnet Italia S.r.l.	Italy	100%
Amplifi Italia srl	Italy	100%
Carat Italia spa	Italy	100%
carat luxury s.r.l.	Italy	100%
Deepblue Srl	Italy	100%
Dentsu Aegis Network Italia spa	Italy	100%
Innov8 Italia srl	Italy	100%
IProspect S.r.l.	Italy	100%
Isobar Communications S.R.L.	Italy	100%
Posterscope Italia S.r.l.	Italy	100%
PS Live Italia S.r.l.	Italy	100%
VIZEUM S.P.A.	Italy	100%
Dentsu Aegis Network Kenya Limited	Kenya	100%
Carat Korea Co., Ltd	Korea, Republic of	100%
Isobar Korea Ltd	Korea, Republic of	100%
Vizeum Korea Co., Ltd	Korea, Republic of	100%
Carat SIA	Latvia	100%
Vizeum SIA	Latvia	100%
iProspect UAB	Lithuania	100%
UAB Carat	Lithuania	100%
UAB Vizeum	Lithuania	100%
Newworld Luxembourg SA	Luxembourg	100%
Portman Square Luxembourg S.a.r.l.	Luxembourg	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Aegis Media Malaysia Sdn Bhd	Malaysia	100%
Brandscope Malaysia Sdn Bhd	Malaysia	100%
Carat Media Services (M) Sdn Bhd	Malaysia	100%
DAN Empower Malaysia Sdn Bhd	Malaysia	100%
IPROSPECT Malaysia Sdn Bhd	Malaysia	100%
Jumptank Malaysia Sdn Bhd	Malaysia	100%
Meridian Outdoor (M) Sdn Bhd	Malaysia	100%
Posterscope Sdn Bhd	Malaysia	100%
psLIVE Malaysia Sdn Bhd	Malaysia	100%
Unity Communications Malaysia Sdn Bhd	Malaysia	100%
AM Network Group Mexico, S.A. de C.V.	Mexico	100%
Carat Mexicana S.A. de C.V.	Mexico	100%
Control Media Region Norte, S.A. de C.V.	Mexico	100%
Mercadotecnia en Buscadores, S.A. de C.V.	Mexico	100%
Vizeum de Mexico, S.A. de C.V.	Mexico	100%
Aegis Media SARLAU	Morocco	100%
Aegis International Holding Company BV	Netherlands	100%
Aegis Trademarks BV	Netherlands	100%
Amnet Nederland B.V.	Netherlands	100%
Carat Nederland BV	Netherlands	100%
Dentsu Aegis Network Netherlands BV	Netherlands	100%
Group Carat (Nederland) BV	Netherlands	100%
iProspect Nederland BV	Netherlands	100%
Isobar Nederland BV	Netherlands	100%
Kobalt Media Nederland BV	Netherlands	100%
Media Embassy BV	Netherlands	100%
Newworld Nederland BV	Netherlands	100%
Vizeum Netherlands BV	Netherlands	100%
Aegis Media New Zealand Limited	New Zealand	100%
Amnet Limited	New Zealand	100%
Apollo Marketing Group Limited	New Zealand	100%
Apollo Marketing Limited	New Zealand	100%
Carat New Zealand Limited	New Zealand	100%
Dentsu Aegis New Zealand Limited	New Zealand	100%
iProspect New Zealand Limited	New Zealand	100%
Isobar New Zealand Limited	New Zealand	100%
Mitchell & Partners Ltd	New Zealand	100%
Synergy Brand Experience Limited	New Zealand	100%
Vizeum NZ Ltd	New Zealand	100%
Carat I.C.P Limited	Nigeria	100%
Isobar Communications Limited	Nigeria	100%
Search Prospect Limited (iProspect)	Nigeria	100%
Vizeum Nigeria Limited	Nigeria	100%
Amnet Norge AS	Norway	100%
Carat Norge AS	Norway	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Dentsu Aegis Network Norge AS	Norway	100%
Isobar Norway AS	Norway	100%
psLive Norge AS	Norway	100%
Vizeum Norge AS	Norway	100%
Amnet Polska sp.z.o.o.	Poland	100%
Carat Polska Sp. z.o.o.	Poland	100%
Dentsu Aegis Network Polska Sp.z.o.o	Poland	100%
Hypermedia Sp. z.o.o.	Poland	100%
I Prospoct Polska SP. z o.o.	Poland	100%
Isobar Polska Sp.zo.o	Poland	100%
M20 Sp.Zo.o	Poland	100%
Posterscope Polska S.A.	Poland	100%
Socialformance Sp.Zo.o	Poland	100%
Socializer S.A.	Poland	100%
Vizeum Polska Sp. z.o.o.	Poland	100%
Dentsu Aegis Network Publicidade e Communicacao Unipessoal Lda	Portugal	100%
Carat Portugal Communicacao, Unipessoal Lda.	Portugal	100%
Dentsu Aegis Network Doha - LLC	Qatar	100%
Carat Romania S.R.L.	Romania	100%
Dentsu Aegis Network Romania SRL	Romania	100%
Kinecto International S.R.L.	Romania	100%
Vizeum Romania S.R.L.	Romania	100%
Carat Middle East (Wakalat Al Majmoua)	Saudi Arabia	100%
Aegis Media Asia Pacific Digital Pte Ltd	Singapore	100%
Aegis Media Asia Pacific Management Pte Ltd	Singapore	100%
Aegis Media Asia Pacific Pte Ltd	Singapore	100%
Amnet South East Asia Pte Ltd	Singapore	100%
Band Pte Ltd	Singapore	100%
Carat Media Services Singapore Pte Ltd	Singapore	100%
iProspect	Singapore	100%
Mitchell Communication Group Holdings (Singapore) Pte Ltd	Singapore	100%
Posterscope (South East Asia) Pte Ltd	Singapore	100%
PSAP Holdings Pte Ltd	Singapore	100%
Vizeum Singapore Pte Ltd	Singapore	100%
Vizeum Taiwan Pte Ltd	Singapore	100%
Carat - Slovakia, s.r.o.	Slovakia	100%
Dentsu Aegis Network Slovakia, s.r.o.	Slovakia	100%
Vizeum Slovakia, s.r.o.	Slovakia	100%
Aegis Media Central Services (Pty) Ltd	South Africa	100%
Aegis Media South Africa (Pty) Ltd	South Africa	100%
Carat Media South Africa (Pty) Ltd	South Africa	100%
Clickthinking Online (Pty) Ltd	South Africa	100%
Dentsu Aegis Amnet SSA (Pty) Ltd	South Africa	100%
Full Circle Media (Pty) Ltd	South Africa	100%
MEC Carat (Pty) Ltd	South Africa	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Posterscope (Pty) Ltd	South Africa	100%
Rapid Media Outdoor Services (Pty) Ltd	South Africa	100%
Trigger Communication Consulting (Pty) Ltd	South Africa	100%
Vizeum Media South Africa (Pty) Ltd	South Africa	100%
Amnet Spain S.L.	Spain	100%
Carat Espana, S.A.U.	Spain	100%
Carat International Media Services, S.A.	Spain	100%
Dentsu Aegis Network Iberia S.L.U.	Spain	100%
NetThink Iberia S.L.U	Spain	100%
Posterscope Iberia S.A.U.	Spain	100%
VIZEUM Iberia, S.A.U.	Spain	100%
Amnet Sverige AB	Sweden	100%
Carat Sverige AB	Sweden	100%
Dentsu Aegis Network Nordic AB	Sweden	100%
Dentsu Aegis Network Sverige AB	Sweden	100%
iProspect AB	Sweden	100%
Isobar Sweden AB	Sweden	100%
Posterscope Live Sverige AB	Sweden	100%
Posterscope Sverige AB	Sweden	100%
Vizeum Sverige AB	Sweden	100%
Carat Switzerland AG	Switzerland	100%
Dentsu Aegis Network Switzerland AG	Switzerland	100%
iProspect Switzerland AG	Switzerland	100%
Vizeum Switzerland AG	Switzerland	100%
AAA Media Ltd	Taiwan	100%
AMNET Taiwan Ltd.	Taiwan	100%
Carat Media Taiwan Ltd	Taiwan	100%
iProspect Taiwan Ltd	Taiwan	100%
Isobar Taiwan Co., Ltd	Taiwan	100%
Posterscope International Co., Ltd	Taiwan	100%
Vizeum Taiwan Co Ltd	Taiwan	100%
Dentsu Aegis Network Tanzania Limited	Tanzania	100%
Posterscope Tanzania Limited	Tanzania	100%
Carat (Thailand) Co., Ltd	Thailand	100%
Amnet Reklamcilik ve Medya Iletisim Hizmetleri Tic. Ltd Sti	Turkey	100%
Carat Medya ve Iletisim Hizmetleri A.S.	Turkey	100%
Dentsu Aegis Network Turkey Medya Hizmetleri Ltd Sti	Turkey	100%
iProspect Reklamcilik Pazarlama Ve Bilsim Hizmetleri Sti.	Turkey	100%
Vizeum Medya Ve Iletisim Hiz A.S.	Turkey	100%
DAN Uganda Limited	Uganda	100%
Posterscope Uganda Limited	Uganda	100%
Amnet Mena FZ-LLC	United Arab Emirates	100%
Carat Middle East FZ LLC	United Arab Emirates	100%
Dentsu Aegis Network FZ-LLC	United Arab Emirates	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
iProspect FZ LLC	United Arab Emirates	100%
Isobar FZ LLC	United Arab Emirates	100%
Posterscope FZ LLC	United Arab Emirates	100%
Vizeum FZ LLC	United Arab Emirates	100%
4 Search Marketing Limited	United Kingdom	100%
ACT EMEA Ltd	United Kingdom	100%
Aegis Europe Finance (Alpha) Limited	United Kingdom	100%
Aegis Europe Finance Limited	United Kingdom	100%
Aegis Group Participations Limited	United Kingdom	100%
Aegis International (Administration) Limited	United Kingdom	100%
Aegis International Limited	United Kingdom	100%
Aegis Media Limited	United Kingdom	100%
Aegis Media Pacific Ltd	United Kingdom	100%
Alban Communications Limited	United Kingdom	100%
Amnet Limited	United Kingdom	100%
Amnet Manchester Limited	United Kingdom	100%
Amplifi Global Limited	United Kingdom	100%
Carat Limited	United Kingdom	100%
Clownfish Marketing Limited	United Kingdom	100%
Covario Limited	United Kingdom	100%
D 2 D Limited	United Kingdom	100%
DAN Regents Place Finance Limited	United Kingdom	100%
De-Construct Limited	United Kingdom	100%
Dentsu Aegis London Limited	United Kingdom	100%
Diffiniti UK Limited	United Kingdom	100%
Ecommera Global Limited	United Kingdom	100%
e-Commera Limited	United Kingdom	100%
FB Media Direction Limited	United Kingdom	100%
Feather Brooksbank (No.2) Limited	United Kingdom	100%
Feather Brooksbank Limited	United Kingdom	100%
Glue London Limited	United Kingdom	100%
I Spy Marketing Limited	United Kingdom	100%
Isobar UK Limited	United Kingdom	100%
Just Media Limited	United Kingdom	100%
Lakechart Limited	United Kingdom	100%
Marvellous Ideas Limited	United Kingdom	100%
Media Dynamics Limited	United Kingdom	100%
MJP Media Services Limited	United Kingdom	100%
MKTG Inc. UK Ltd	United Kingdom	100%
MMA Technologies Limited	United Kingdom	100%
Open Outdoor Limited	United Kingdom	100%
Outdoor Life Limited (The)	United Kingdom	100%
Portman Square US Holdings Limited	United Kingdom	100%
Posterscope Limited	United Kingdom	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
PSI Advertising Limited	United Kingdom	100%
Source Out of Home Limited	United Kingdom	100%
Tempero Limited	United Kingdom	100%
Vizeum Limited	United Kingdom	100%
Vizeum UK Limited	United Kingdom	100%
360i LLC	United States	100%
Aegis DMN LLC	United States	100%
Aegis Lifestyle, Inc.	United States	100%
Aegis Media Americas, Inc.	United States	100%
Aegis Media Deep Blue, Inc.	United States	100%
Aegis Media Innov8 LLC	United States	100%
AM Innov8 Content, LLC	United States	100%
AM Innov8 OOH, LLC	United States	100%
AM Innov8 Search, LLC	United States	100%
AM Trade Inc.	United States	100%
Amnet Group, Inc.	United States	100%
Amplifi, Inc.	United States	100%
Bluestreak Group Inc.	United States	100%
Carat Direct, Inc.	United States	100%
Carat Exchange Inc.	United States	100%
Carat Global Enterprise LLC	United States	100%
Carat Media Consultants, Inc.	United States	100%
Carat Trade, Inc.	United States	100%
Carat USA, Inc.	United States	100%
Carat/IMS, Inc.	United States	100%
Clownfish Marketing Inc.	United States	100%
Copernicus: The Marketing Investment Strategy Group, Inc.	United States	100%
Covario, Inc.	United States	100%
CVH Group LLC	United States	100%
Data2Decisions, Inc.	United States	100%
Dentsu America, LLC	United States	100%
Dentsu Attik, LLC	United States	100%
Dentsu Holdings USA LLC	United States	100%
Dentsu Innovation Interactive, LLC	United States	100%
Dentsu McGarry Bowen, LLC	United States	100%
Eaton Gate Inc.	United States	100%
Fetch Media, Inc.	United States	100%
Firstborn Multimedia Corporation	United States	100%
Forbes Consulting Group, LLC	United States	100%
Fuel Professional Casting Network LLC	United States	100%
ICUC/iProspect Moderation Services, Inc.	United States	100%
iProspect.com, Inc.	United States	100%
ISIS Research, Inc.	United States	100%
ISOBAR, INC.	United States	100%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
John Brown Holdings (US) Corp.	United States	100%
John Brown US LLC	United States	100%
McGarry Bowen, LLC	United States	100%
Mitchell Communications Group, LLC	United States	100%
MKTG, Inc.	United States	100%
Outdoor Vision Inc.	United States	100%
Portman Square Acquisition Co.	United States	100%
Posterscope, Inc.	United States	100%
Posterscope USA, Inc.	United States	100%
Rockett Interactive, Inc.	United States	100%
Roundarch Isobar Inc.	United States	100%
Same Same USA	United States	100%
Team Epic LLC	United States	100%
Tempero, Inc.	United States	100%
The Story Lab, Inc.	United States	100%
Trade Media Management, Inc.	United States	100%
Velocity Sports & Entertainment LLC	United States	100%
Vivid Marketing, LLC	United States	100%
Vizeum Interactive, Inc.	United States	100%
Vizeum, Inc.	United States	100%
Wave Influence LLC	United States	100%
Contextual Advertising Private Limited	India	96%
Ultimedia E-Solutions Private Limited	India	96%
Ultimedia Technologies Private Limited	India	96%
Carat Chile SA	Chile	95%
Carat Middle East SARL	Lebanon	95%
WAT Media Pvt. Ltd	India	90%
Fountainhead Entertainment Private Limited	India	90%
Digithais Interactive Co., Ltd	Thailand	90%
Dentsu Aegis Edinburgh Limited	United Kingdom	90%
Aegis Media (Vietnam) Co., Ltd	Vietnam	90%
Dentsu Aegis Leeds Limited	United Kingdom	88%
Isobar (Thailand) Co., Ltd	Thailand	87%
Vizeum (Thailand) Co., Ltd	Thailand	87%
John Brown (Shanghai) Company Limited	China	85%
John Brown Hong Kong Ltd	Hong Kong	85%
John Brown Japan Ltd	Japan	85%
Citrus Holdings Limited	United Kingdom	85%
Citrus Publishing Limited	United Kingdom	85%
John Brown Catalogues Limited	United Kingdom	85%
John Brown Digital Limited	United Kingdom	85%
John Brown Magazines Limited	United Kingdom	85%
John Brown Publishing Group Limited	United Kingdom	85%
Isobar - iProspect Advertising Services SA	Greece	80%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Posterscope East Africa Limited	Kenya	80%
iProspect AS	Norway	80%
Stanville Investments Ltd	Cyprus	76%
Hullbitt Ltd	Cyprus	76%
Posterscope OOO	Russian Federation	76%
Ad O'Clock LLC	Russian Federation	76%
Adwatch Agency OOO	Russian Federation	76%
Amnet OOO	Russian Federation	76%
Carat-Russ Media LLC	Russian Federation	76%
Dentsu Aegis Central Services OOO	Russian Federation	76%
Dentsu Aegis Digital OOO	Russian Federation	76%
Dentsu Aegis LLC	Russian Federation	76%
iProspect OOO	Russian Federation	76%
Traffic Agency LLC	Russian Federation	76%
Vizeum 000	Russian Federation	76%
John Brown South Africa Pty Limited	South Africa	76%
Pacbyte Mitchell Pty Ltd	Australia	75%
IQ mobile Kommunikationsdienste Beratungs-, Entwicklungs - und Vertriebs GmbH	Austria	75%
Clickpoint BVBA	Belgium	75%
Applescene Creative Concepts BVBA	Belgium	75%
Printix BVBA	Belgium	75%
HME - Healthcare Media Europe GmbH	Germany	75%
MW Office Gesellschaft fuer Marketing und Werbung GmbH	Germany	75%
Carat Media Limited	United Kingdom	75%
Dentsu Aegis Manchester Limited	United Kingdom	75%
Heavyweight Sports Marketing Limited	United Kingdom	75%
Media Vision (Manchester) Limited	United Kingdom	75%
Vizeum Manchester Limited	United Kingdom	75%
Aegis Media (Thailand) Ltd	Thailand	74%
Posterscope (Thailand) Co., Ltd	Thailand	74%
iProspect (Thailand) Co., Ltd	Thailand	74%
PPR Profissionais de Publicidade Reunidos S.A.	Brazil	70%
Posterscope Hungary Kft	Hungary	70%
Simple Agency S.r.l.	Italy	70%
IF Interactive Sdn Bhd	Malaysia	70%
ASPAC Creative Communications Inc.	Philippines	70%
Mofuro Pte Ltd	Singapore	70%
The Upper Storey Pte Ltd	Singapore	70%
Bennu Investment, S.L.	Spain	69%
Codrus S.L.	Spain	69%
Tuentizri S.L.	Spain	69%
Wink Transforming Through Digital S.L.	Spain	65%
Alt:Engine Digital Consultancy Inc	Philippines	63%
View - Design e Consultoria de Comunicacao	Portugal	63%

18. Subsidiaries and associates (continued)

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company
Flexmedia Co., Ltd	Thailand	61%
Dentsu Aegis Network Bulgaria OOD	Bulgaria	60%
Vizeum Bulgaria OOD	Bulgaria	60%
Adams Media Ghana Limited	Ghana	60%
Premier Media Company GH Limited	Ghana	60%
Ex TV Media Central Asia/CA LLP	Kazakhstan	58%
Fifty Four Media LLP	Kazakhstan	58%
Quattro Media Advertising LLP	Kazakhstan	58%
TFF-Central Asia/CA LLP	Kazakhstan	58%
Mocom Pty Ltd	Australia	55%
Inteligencia Y Media S.A.	Spain	55%
Inteligencia Yperform S.L.	Spain	55%
Bozanic Business S.L.	Spain	54%
Make a Wish S.L.	Spain	54%
Santa Devota S.L.	Spain	54%
Netthink North S.A.	Spain	54%
SMG Studio Pty Ltd	Australia	51%
Soap Creative Pty Ltd	Australia	51%
Belgiovane Williams McKay Pty Ltd	Australia	51%
Cox Inall Communications Pty Limited	Australia	51%
Patterson Partners Adcafe Pty Limited	Australia	51%
Popularity Pty Ltd	Australia	51%
Sputnik Agency Pty Limited	Australia	51%
Synovate Aztec Limited	Canada	51%
Aegis Media Colombia S.A.S.	Colombia	51%
Carat Colombia S.A.S.	Colombia	51%
iProspect Colombia SAS	Colombia	51%
Vizeum Colombia S.A.S.	Colombia	51%
Milestone Brandcom Private Limited	India	51%
Milestone Signage Solutions Private Limited	India	51%
Mediasal 2000 S.A.	Spain	51%
Storyboard Brandcom Private Limited	India	51%
Isobar Kenya Limited	Kenya	51%
Vizeum Media Services (M) Sdn Bhd	Malaysia	51%
Aegis Media Group Philippines, Inc.	Philippines	51%
Aegis Media Myco Services, Inc	Philippines	51%
Carat Philippines, Inc	Philippines	51%
HLLRD Holdings, Inc	Philippines	51%
Mediaforce Vizeum, Inc	Philippines	51%
STB Out of Home Inc.	Philippines	51%

18. Subsidiaries and associates (continued)

Section 3 - Associates held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Group
MCA Mediaforschungs und Einkaufs GmbH	Austria	50%
Deals Warehouse Limited	Nigeria	50%
Sales net Nigeria Limited	Nigeria	50%
Meridian Outdoor Advertising Limited	United Kingdom	50%
Dentsu Mcgarrybowen (Shanghai) Advertising Co. Ltd.	China	49%
McGarry Bowen Hong Kong Limited	Hong Kong	49%
Media Base Advertising Sdn Bhd	Malaysia	49%
Shuriken Creatives, Inc.	Philippines	49%
Buffyshrek Holding Co., Limited	Thailand	49%
Media Matrix Kft	Hungary	40%
Emerald Consulting Co Ltd	Vietnam	40%
Storm Marketing Solutions Limited	United Kingdom	32%
Perunding Pakar Media Sdn Bhd	Malaysia	30%
Aegis Media Philippines Holding, Inc.	Philippines	30%
Topdown Holdings, Inc	Philippines	30%
Media Fuse Dentsu Aegis Network Ltd	Nigeria	25%
Posterscope Nigeria Limited	Nigeria	25%
Liveposter Limited	United Kingdom	25%
Tigerspike Pty Ltd	Australia	23%
Tigerspike KK	Japan	23%
Tigerspike Products Pte Ltd	Singapore	23%
Tigerspike Pte Ltd	Singapore	23%
Tigerspike FZ LLC	United Arab Emirates	23%
Tigerspike Ltd	United Kingdom	23%
Tigerspike Inc.	United States	23%
Locatus Gesellschaft für lokale Marktforderung mbH	Germany	21%
Mangham Gaxiola Pte Ltd	Singapore	20%
MGLB Pte Ltd	Singapore	20%