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**M&C SAATCHI WORLDWIDE LIMITED**

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**UNAUDITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**M&C SAATCHI WORLDWIDE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D Kershaw W M Muirhead The Lord Saatchi J T Sinclair J Hewitt (resigned 29 March 2019) M Kalifa (appointed 29 March 2019)
<b>Registered number</b>	2999983
<b>Registered office</b>	34-36 Golden Square London W1F 9EE
<b>Accountants</b>	KPMG LLP 15 Canada Square London E14 5GL
<b>Solicitors</b>	CMS Cameron McKenna Nabarro Olswang LLP 78 Cannon Place London EC4N 6AF

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**M&C SAATCHI WORLDWIDE LIMITED**

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**CONTENTS**

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	Page
<b>Strategic report</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Statement of comprehensive income</b>	<b>4</b>
<b>Balance sheet</b>	<b>5 - 6</b>
<b>Statement of changes in equity</b>	<b>7 - 9</b>
<b>Notes to the financial statements</b>	<b>10 - 33</b>

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**M&C SAATCHI WORLDWIDE LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Introduction**

The Strategic report is prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

**Business review**

The principal activity of the Company during the period was the holding of group investments in subsidiaries. The principal activity of those subsidiaries is the provision of marketing services.

The company also facilitates the plc global group of companies by providing building and operational, human resource and financial services across the world.

**Principal risks and uncertainties**

The key risk in the Company is the value and performance of its investments. The Directors review the performance of the investment regularly and provide for impairment where necessary.

**Financial key performance indicators**

The performance of the company's business during the financial year is set out in the income statement.

**Comprehensive strategic review**

A comprehensive strategic review of the company's strategy, outlining the development, performance and position of the company's business can be found in the Strategic Report outlined in the M&C Saatchi PLC Annual Report. Copies of the accounts are available from M&C Saatchi plc, 36 Golden Square, London W1F 9EE.

This report was approved by the board on 1 November 2019 and signed on its behalf.

**M Kalifa**  
Director



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**M&C SAATCHI WORLDWIDE LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Directors present their report and the financial statements for the year ended 31 December 2018.

**Results and dividends**

The profit for the year, after taxation, amounted to £4,808,000 (2017 - £19,203,000).

**Directors**

The Directors who served during the year were.

D Kershaw  
W M Muirhead  
The Lord Saatchi  
J T Sinclair  
J Hewitt (resigned 29 March 2019)

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

This report was approved by the board on 1 November 2019 and signed on its behalf.



M Kalifa  
Director

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**M&C SAATCHI WORLDWIDE LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

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**M&C SAATCHI WORLDWIDE LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Note	2018 £	2017 £000
Turnover	4	-	(19)
<b>Gross profit/(loss)</b>		-	(19)
Administrative expenses		(3,313)	(1,005)
Other operating income	5	150	150
<b>Operating loss</b>		(3,163)	(874)
Income from shares in group undertakings		7,485	19,795
Interest receivable and similar income	7	-	6
Interest payable and expenses	8	(177)	(190)
<b>Profit before tax</b>		4,145	18,737
Tax on profit	9	663	466
<b>Profit for the financial year</b>		4,808	19,203

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 10 to 33 form part of these financial statements.

**M&C SAATCHI WORLDWIDE LIMITED**  
**REGISTERED NUMBER: 2999983**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets		143	-
Tangible assets	12	4,528	4,769
Investments	13	44,228	43,232
		<u>48,899</u>	<u>48,001</u>
<b>Current assets</b>			
Debtors	14	34,343	32,393
Cash at bank and in hand	15	6	-
		<u>34,349</u>	<u>32,393</u>
Creditors: amounts falling due within one year	16	(26,569)	(17,823)
<b>Net current assets</b>		<u>7,780</u>	<u>14,570</u>
<b>Total assets less current liabilities</b>		<u>56,679</u>	<u>62,571</u>
Creditors: amounts falling due after more than one year	17	(10)	(10)
		<u>56,669</u>	<u>62,561</u>
<b>Net assets excluding pension asset</b>		<u>56,669</u>	<u>62,561</u>
<b>Net assets</b>		<u><u>56,669</u></u>	<u><u>62,561</u></u>



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**M&C SAATCHI WORLDWIDE LIMITED**  
**REGISTERED NUMBER: 2999983**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

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	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
<b>Capital and reserves</b>			
Called up share capital	19	<b>1,620</b>	1,620
Share premium account		<b>47,954</b>	47,954
Capital redemption reserve		<b>50</b>	50
Merger reserve		<b>3,498</b>	3,498
Profit and loss account		<b>3,547</b>	9,439
		<b>56,669</b>	62,561

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 November 2019.

**M Kalifa**  
Director



The notes on pages 10 to 33 form part of these financial statements.

**M&C SAATCHI WORLDWIDE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital redemption reserve</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2018	1,620	47,954	50	3,498	9,439
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	-	4,808
Dividends: Equity capital	-	-	-	-	(10,700)
<b>Total transactions with owners</b>	-	-	-	-	(10,700)
<b>At 31 December 2018</b>	<b>1,620</b>	<b>47,954</b>	<b>50</b>	<b>3,498</b>	<b>3,547</b>
					<b>Total equity</b>
					<b>£000</b>
At 1 January 2018					62,561
<b>Comprehensive income for the year</b>					
Profit for the year					4,808
Dividends: Equity capital					(10,700)
<b>Total transactions with owners</b>					(10,700)
<b>At 31 December 2018</b>					<b>56,669</b>

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**M&C SAATCHI WORLDWIDE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The notes on pages 10 to 33 form part of these financial statements.

**M&C SAATCHI WORLDWIDE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Profit and loss account
	£000	£000	£000	£000	£000
At 1 January 2017	1,622	47,954	50	3,498	4,589
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	-	19,203
Dividends: Equity capital	-	-	-	-	(14,353)
Shares issued during the year	(2)	-	-	-	-
<b>Total transactions with owners</b>	(2)	-	-	-	(14,353)
<b>At 31 December 2017</b>	<b>1,620</b>	<b>47,954</b>	<b>50</b>	<b>3,498</b>	<b>9,439</b>

	Total equity £000
At 1 January 2017	57,713
<b>Comprehensive income for the year</b>	
Profit for the year	19,203
Dividends: Equity capital	(14,353)
Shares issued during the year	(2)
<b>Total transactions with owners</b>	<b>(14,355)</b>
<b>At 31 December 2017</b>	<b>62,561</b>

The notes on pages 10 to 33 form part of these financial statements.

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## M&C SAATCHI WORLDWIDE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment,
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- 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
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

*Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.*

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

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## M&C SAATCHI WORLDWIDE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. Accounting policies (continued)

##### 1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied.

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 1.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a *straight line basis over the lease term*.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**1.7 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**1.8 Finance costs**

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

**1.9 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

**1.10 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**1.11 Taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.



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## M&C SAATCHI WORLDWIDE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. Accounting policies (continued)

##### 1.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

##### 1.13 Intangible assets

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

##### 1.14 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	lower of useful life and over the period of the lease
Office equipment	-	25%
Computer equipment	-	33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 1.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### 1.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.17 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.18 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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## M&C SAATCHI WORLDWIDE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. Accounting policies (continued)

##### 1.19 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

##### **Financial assets**

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

##### **Fair value through profit or loss**

This category comprises only in-the-money derivatives. These are carried in the Balance sheet at fair value with changes in fair value recognised in the Statement of comprehensive income.

##### **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 arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

##### **Financial liabilities**

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

##### **Fair value through profit or loss**

The Company comprises only out-of-the-money derivatives. They are carried in the Balance sheet at fair value with changes in fair value recognised in the Statement of comprehensive income.

##### **At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.19 Financial instruments (continued)**

liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

**1.20 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2. General information**

The principal activity of the Company during the period was the holding of group investments in subsidiaries. The principal activity of those subsidiaries is the provision of marketing services.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

*The only significant judgement made in the preparation of the Company's financial statements relate to the possibility of impairment of the Company's fixed asset investment in subsidiary companies. Based on historic results and future levels of expected profitability the investments held by the company are not considered to be impaired. The financial statements are considered to be free of key sources of estimation uncertainty.*

**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Recharges	-	(19)
	<u>-</u>	<u>(19)</u>

Analysis of turnover by country of destination:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	-	(19)
	<u>-</u>	<u>(19)</u>

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**5. Other operating income**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Other operating income	<b>150</b>	<b>150</b>
	<b>150</b>	<b>150</b>

**6. Employees**

Staff costs were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>1,147</b>	<b>583</b>
Social security costs	<b>415</b>	<b>291</b>
Cost of defined contribution scheme	<b>73</b>	<b>63</b>
	<b>1,635</b>	<b>937</b>

The average monthly number of employees, including the Directors, during the year was as follows:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Shared services	<b>59</b>	<b>57</b>

**7. Interest receivable**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Other interest receivable	<b>-</b>	<b>6</b>
	<b>-</b>	<b>6</b>

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M&C SAATCHI WORLDWIDE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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8. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	-	190
Other loan interest payable	177	-
	<u>177</u>	<u>190</u>

9. Taxation

	2018 £000	2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	(663)	(200)
Adjustments in respect of previous periods	-	(266)
	<u>(663)</u>	<u>(466)</u>
<b>Total current tax</b>	<u>(663)</u>	<u>(466)</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on loss on ordinary activities</b>	<u>(663)</u>	<u>(466)</u>

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.0% (2017 - 19.25%). The differences are explained below:

	<b>2018 £000</b>	<b>2017 £000</b>
Profit on ordinary activities before tax	<b>4,145</b>	<b>18,737</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2017 - 19.25%)	<b>788</b>	<b>3,607</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	3
Adjustments to tax charge in respect of prior periods	-	(266)
Non-taxable income	<b>(1,422)</b>	<b>(3,810)</b>
Other differences leading to an increase (decrease) in the tax charge	<b>(29)</b>	-
<b>Total tax charge for the year</b>	<b>(663)</b>	<b>(466)</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**10. Dividends**

	<b>2018 £000</b>	<b>2017 £000</b>
Dividends	<b>10,700</b>	<b>14,353</b>
	<b>10,700</b>	<b>14,353</b>

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M&C SAATCHI WORLDWIDE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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11. Intangible assets

	Develop- ment £000
<b>Cost</b>	
Additions - external	501
At 31 December 2018	<u>501</u>
<b>Amortisation</b>	
Charge for the year	358
At 31 December 2018	<u>358</u>
<b>Net book value</b>	
At 31 December 2018	<u>143</u>
At 31 December 2017	<u>-</u>



**M&C SAATCHI WORLDWIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Tangible fixed assets**

	Long-term leasehold property £000	Office equipment £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2018	4,945	1,376	1,788	8,109
Additions	193	508	871	1,572
Disposals	(1,957)	(248)	-	(2,205)
At 31 December 2018	3,181	1,636	2,659	7,476
<b>Depreciation</b>				
At 1 January 2018	2,478	427	435	3,340
Charge for the year on owned assets	451	136	485	1,072
Disposals	(1,313)	(151)	-	(1,464)
At 31 December 2018	1,616	412	920	2,948
<b>Net book value</b>				
At 31 December 2018	1,565	1,224	1,739	4,528
At 31 December 2017	2,466	949	1,354	4,769

The net book value of land and buildings may be further analysed as follows.

	2018 £000	2017 £000
Long leasehold	1,565	2,467
	1,565	2,467

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Fixed asset investments**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2018	43,232
Additions	996
At 31 December 2018	44,228
<b>Net book value</b>	
At 31 December 2018	44,228
At 31 December 2017	43,232

During the year, the company acquired 20% of Merlin Limited.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country</b>	<b>Holding</b>	<b>Principal activity</b>
Audience Communications Ltd	UK	100 %	Dormant
Alive & Kicking Global Ltd	UK	100 %	Marketing
Grey Whippet Ltd	UK	51 %	Dormant
Send Me A Sample Ltd	UK	60 %	Marketing
Talk Purpose Ltd	UK	41 %	PR Agency
Dalmation Communications (Pty) Ltd	South Africa	50 %	Advertising
Creative Spark Interactive (Pty) Ltd	South Africa	50 %	Advertising
M&C Saatchi Africa (Pty) Ltd	South Africa	50 %	Advertising
M&C Saatchi Connect (Pty) Ltd	South Africa	50 %	Advertising

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Fixed asset investments (continued)**

Levergy Marketing Agency (PTY) Ltd	South Africa	50 %	Sport Sponsorship & Entertainment PR Agency
Greenhouse Australia Pty Ltd	Australia	64 %	ADvertising
Clear Ideas Consultancy LLP	UK	80 %	Marketing
Clear Ideas Ltd	UK	80 %	Marketing
FYND Media Ltd	UK	100 %	Media Buying PR Agency
Horizon PR Ltd	UK	80 %	(joint venture)
Human Digital Ltd	UK	60 %	Research
Influence Communications Ltd	UK	95 %	Dormant
Lean Mean Fighting Machine Ltd	UK	100 %	Advertising Direct
LIDA (UK) LLP	UK	99 %	Marketing Direct
LIDA Ltd	UK	100 %	Marketing
M&C Saatchi (UK) Ltd	UK	100 %	Advertising
M&C Saatchi Accelerator Ltd	UK	80 %	Advertising
M&C Saatchi European Holdings Ltd	UK	96 %	Holding Company
M&C Saatchi Export Ltd	UK	100 %	Advertising
M&C Saatchi German Holdings Ltd	UK	100 %	Holding Company
M&C Saatchi Global Advisory Services Ltd	UK	100 %	Advertising
M&C Saatchi International Ltd	UK	100 %	Holding Company
M&C Saatchi Marketing Arts Ltd	UK	50 %	Advertising
M&C Saatchi Merlin Ltd	UK	75 %	Talent Management
M&C Saatchi Middle East Holdco Ltd	UK	80 %	Holding Company
M&C Saatchi Mobile Ltd	UK	90 %	Mobile Marketing

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Fixed asset investments (continued)**

M&C Saatchi PR International Ltd	UK	60 %	PR Agency
M&C Saatchi PR Ltd	UK	100 %	PR Agency
M&C Saatchi PR UK LLP	UK	60 %	PR Agency
M&C Saatchi Shop Ltd	UK	93 %	Marketing Sport Sponsorship & Entertainment PR Agency
M&C Saatchi Sport & Entertainment Ltd	UK	70 %	Holding Company
M&C Saatchi WMH Ltd	UK	100 %	Marketing
M&C Saatchi World Services LLP	UK	80 %	Not for profit marketing
M&C Saatchi WS .ORG Ltd	UK	80 %	Branding
Re Worldwide Ltd	UK	100 %	Dormant Holding Company
Resolution Design Pty Ltd	Australia	68 %	Marketing
SaatchInvest Ltd	UK	100 %	PR Agency
SGA London Ltd	UK	100 %	Research Agency
Talk PR Ltd	UK	51 %	Dormant Research Agency
The Source (London) Ltd	UK	88 %	Dormant Research Agency
The Source Insight Australia Pty Ltd	Australia	80 %	Dormant Research Agency
The Source (W1) LLP	UK	76 %	Dormant Research Agency
Tricycle Communications Ltd	UK	80 %	Holding Company
This Film Studio Pty Ltd	Australia	56 %	Production
UGLY Sydney Pty Ltd	Australia	60 %	Dormant
Yes Agency Pty Ltd	Australia	80 %	Dormant
EMC Saatchi Pty Ltd	Australia	80 %	Dormant
M&C Saatcho Asia Hong Kong Ltd	Hong Kong	70 %	Advertising
M&C Saatchi Mobile LLP	India	100 %	Marketing
Scarecrow Communications Limited	India	51 %	Advertising

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Fixed asset investments (continued)**

Cometis	France	51 %	Advertising Website
Fcing SAS	France	88 %	Construction
M&C Saatchi Gad SAS	France	100 %	Advertising
M&C Saatchi Little Stories SAS	France	79 %	PR Agency
M&C Saatchi One SARL	France	100 %	Digital Marketing
Paris Gad Holding SAS	France	60 %	Holding Company
M&C Saatchi Advertising GmbH	Germany	83 %	Advertising Production and publishing
Tataprod	France	30 %	Sport Sponsorship & Entertainment PR Agency
M&C Saatchi Sports & Entertainment GmbH	Germany	67 %	t PR Agency
M&C Saatchi Digital GmbH	Germany	75 %	Marketing
M&C Saatchi PR Unternehmergeellschaft	Germany	100 %	Dormant
M&C Saatchi SpA	Italy	80 %	Advertising
M&C Saatchi PR srl	Italy	80 %	PR Agency
M&C Saatchi International Holdings BV	Netherlands	100 %	Holding Company Direct
LIDA NY LLP (MCD)	USA	75 %	Marketing
LIDA USA LLP	USA	100 %	Marketing Sport Sponsorship & Entertainment PR Agency
M&C Saatchi Sports & Entertainment LA LLC	USA	50 %	t PR Agency
Majority LLC	USA	100 %	Production
Technology Humans and Taste LLC	USA	30 %	Marketing (Associate)
Clear Netherlands BV	Netherlands	100 %	Dormant
M&C Saatchi Madrid SL	Spain	51 %	Advertising
M&C Saatchi Sponsorship SL	Spain	51 %	Advertising

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Fixed asset investments (continued)**

M&C Saatchi AB	Sweden	60 %	Advertising and Marketing
M&C Saatchi Go! AB	Sweden	100 %	Advertising
M&C Saatchi PR AB	Sweden	100 %	Dormant
M&C Saatchi (Switzerland) SA	Switzerland	88 %	Advertising
M&C Saatchi Bahrain WLL	Bahrain	100 %	Dormant
M&C Saatchi Tel Aviv Ltd Ltd	Israel	80 %	Advertising Advertising
M&C Saatchi SAL	Lebanon	10 %	(Associate)
M&C Saatchi Abel (Pty) Ltd	South Africa	50 %	Advertising Advertising
M&C Saatchi Istanbul	Turkey	25 %	(Associate)
M&C Saatchi Middle East Fz LLC	United Arab Emirates	80 %	Advertising
M&C Saatchi Fz LLC	United Arab Emirates	100 %	Advertising
Bellwether Global Pty Ltd	Australia	80 %	PR Agency
1440 Pty Ltd	Australia	80 %	Design
Brands In Space Pty Ltd	Australia	80 %	Design
Bohemia Group Pty Ltd	Australia	46 %	Media Agency Finishing Art & Production Management
Go Studios Pty Ltd	Australia	80 %	Studio Digital
LIDA Australia Pty Ltd	Australia	80 %	Marketing Branding and Digital
Hidden Characters Pty Ltd	Australia	76 %	Marketing
M&C Saatchi Agency Pty Ltd	Australia	80 %	Advertising
M&C Saatchi Asia Pac Holdings Pty Ltd	Australia	100 %	Holding Company
M&C Saatchi Direct Pty Ltd	Australia	80 %	Direct Marketing Sport Sponsorship &
M&C Saatchi Sport & Entertainment Pty Ltd	Australia	48 %	Entertaining PR Agency

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Fixed asset investments (continued)**

M&C Saatchi Melbourne Pty Ltd	Australia	48 %	Advertising
Park Avenue PR Pty Ltd	Australia	80 %	PR & Marketing
Re Team Pty Ltd	Australia	76 %	Marketing
Saatchi Ventures Pty Ltd	Australia	60 %	Holding Company
Tricky Jigsaw Pty Ltd	Australia	68 %	Marketing
eMCSaatchi Pty Ltd	Australia	80 %	Dormant
M&C Saatchi Advertising (Shanghai) Ltd	China	40 %	Consultancy (Associate)
Clear Asia Ltd	Hong Kong	80 %	Dormant
M&C Saatchi Asia Ltd	Hong Kong	100 %	Advertising
M&C Saatchi (HK) Ltd	Hong Kong	40 %	Advertising (Associate)
M&C Saatchi Communications Pvt Ltd	India	95 %	Advertising
February Communications Pvt Ltd	India	20 %	Advertising (Associate)
M&C Saatchi Ltd	Japan	10 %	Advertising
M&C Saatchi (M) Sdn Bhd	Malaysia	49 %	Advertising
Design Factory Sdn Bhd	Malaysia	49 %	Advertising
Intelligence Factory Sdn Bhd	Malaysia	49 %	Advertising
M&C Saatchi World Services Pakistan (Pvt) Ltd	Pakistan	41 %	Marketing (joint venture)
Clear Ideas (Singapore) Pte Ltd	Singapore	95 %	Marketing
M&C Saatchi Holdings Asia Pte Ltd	Singapore	100 %	Holding Company
M&C Saatchi (S) Pte Ltd	Singapore	80 %	Advertising
M&C Saatchi Mobile Asia Pacific Pte Ltd	Singapore	95 %	Mobile Marketing
Love Frankie Ltd	Thailand	20 %	Marketing (Associate)
Lily Participacoes Ltda	Brazil	100 %	Holding Company

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Fixed asset investments (continued)**

M&C Saatchi Brasil Comunicacao Ltda	Brazil	60 %	Advertising
M&C Saatchi Brasil Participacoes Ltda	Brazil	100 %	Holding Company
Santa Clara Participacoes Ltda	Brazil	25 %	Advertising (Associate)
M+C Saatchi/Insight Pesquisa & Planejamento Lt	Brazil	100 %	Dormant
M&C Saatchi S.A DE. C.V	Mexico	59 %	Advertising
Clear USA LLC	USA	88 %	Marketing Direct
LIDA NY LLP	USA	75 %	Marketing
M&C Saatchi Agency Inc.	USA	100 %	Holding Company
M&C Saatchi LA Inc.	USA	90 %	Advertising
M&C Saatchi Mobile LLP	USA	99 %	Mobile Marketing
M&C Saatchi PR LLP	USA	100 %	PR
M&C Saatchi Share Inc.	USA	75 %	Marketing Sport Sponsorship & Entertainment NY LLP
M&C Saatchi Sports & Entertainment NY LLP	USA	93 %	Marketing Consultant (Associate)
Shepardson Stern & Kaminsky LLP	USA	66 %	Dormant
M&C Saatchi NY LLP	USA	100 %	Dormant
World Services US Inc.	USA	80 %	Dormant
Clear NY LLP	USA	100 %	Dormant



**M&C SAATCHI WORLDWIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. Debtors**

	2018 £000	2017 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	15,967	21,798
Other debtors	553	403
	<u>16,520</u>	<u>22,201</u>
<b>Due within one year</b>		
Trade debtors	20	122
Amounts owed by group undertakings	13,400	5,143
Other debtors	1,578	1,960
Prepayments and accrued income	2,825	2,963
	<u>34,343</u>	<u>32,389</u>

**15. Cash and cash equivalents**

	2018 £000	2017 £000
Cash at bank and in hand	6	-
Less: bank overdrafts	(11,760)	(252)
	<u>(11,754)</u>	<u>(252)</u>

**16. Creditors: Amounts falling due within one year**

	2018 £000	2017 £000
Bank overdrafts	11,760	252
Bank loans	-	2,915
Trade creditors	1,508	1,549
Amounts owed to group undertakings	10,307	9,886
Corporation tax	58	29
Other taxation and social security	2,305	2,701
Other creditors	105	3
Accruals and deferred income	526	488
	<u>26,569</u>	<u>17,823</u>

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**17. Creditors: Amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Other creditors	<b>10</b>	<b>10</b>
	<b>10</b>	<b>10</b>

The amounts due over more than one year is in respect of a NI on phantom bonuses which will be released on exercise.

**18. Financial instruments**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<b>6</b>	<b>-</b>
Financial assets that are debt instruments measured at amortised cost	<b>31,139</b>	<b>28,029</b>
Financial assets that are equity instruments measured at cost less impairment	<b>-</b>	<b>-</b>
	<b>31,145</b>	<b>28,029</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(24,171)</b>	<b>(15,102)</b>

Financial assets measured at fair value through profit or loss comprise of amounts due from group companies and prepayments.

Financial liabilities measured at amortised cost comprise of amounts due to group companies and accruals.

**19. Share capital**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
2,255,735 (2017 - 2,255,735) B Shares shares of £0.01 each	<b>23</b>	<b>23</b>
506,342 (2017 - 506,342) P Shares shares of £1.00 each	<b>506</b>	<b>506</b>
109,093,781 (2017 - 109,093,781) A Shares 1p shares of £0.01 each	<b>1,091</b>	<b>1,091</b>
	<b>1,620</b>	<b>1,620</b>

**Allotted, called up and fully paid**

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**19. Share capital (continued)**

2,050,668 (2017 - 2,050,668) B Shares shares of £0.01 each	<b>21</b>	21
506,342 (2017 - 506,342) P Shares shares of £1.00 each	<b>506</b>	506
109,093,781 (2017 - 109,093,781) A Shares 1p shares of £0.01 each	<b>1,091</b>	1,091
	<u><b>1,618</b></u>	<u>1,618</u>
 <b>Allotted, called up and partly paid</b>		
205,067 (2017 - 205,067) B Shares shares of £0.01 each	<u><b>2</b></u>	<u>2</u>

**20. Pension commitments**

**21. Commitments under operating leases**

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2018</b>	2017
	<b>£000</b>	£000
Property operating leases		
Not later than 1 year	<b>4,450</b>	3,627
Later than 1 year and not later than 5 years	<b>13,119</b>	13,853
Later than 5 years	<b>17</b>	2,747
	<u><b>17,586</b></u>	<u>20,227</u>
 Equipment operating leases		
Not later than 1 year	<b>195</b>	259
Later than 1 year and not later than 5 years	<b>103</b>	227
	<u><b>298</b></u>	<u>486</u>

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**M&C SAATCHI WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**22. Other financial commitments**

The company is a guarantor of, and its assets are security for, a bank loan held by M&C Saatchi plc. The Group had a banking facility of up to £38.0m (2017: £40.0m) plus a one year £10.0m (2017: £0.3m) overdraft facility. On 29 November 2017 it was agreed that this facility would only reduce to £36.0m on 31 December 2019 (2017: £38.0m reduces by £2.0m annually). The facilities have floating rates of interest set at 1.75% above LIBOR and the overdraft has floating rates of interest set at 1.75% above the Bank of England base rate. The banking facility matures on 30 April 2020. In return for the facility Group gives the bank guarantees over key UK, Dutch and Australian companies.

**23. Immediate and ultimate parent company**

The immediate parent company is M&C Saatchi Network Limited, which is registered in England and Wales. The ultimate parent company is M&C Saatchi plc, which is registered in England and Wales. M&C Saatchi plc is the only Group of which the company is a member and for which the group accounts are prepared. Copies of the Group accounts are available from M&C Saatchi plc, 36 Golden Square, London W1F 9EE.