

**REGISTRAR OF
COMPANIES**

M&C Saatchi Sponsorship Limited

Report and Financial Statements

Year Ended

31 December 2000

3306364



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COMPANIES HOUSE 16/10/01

BDO

BDO Stoy Hayward
Chartered Accountants

M&C SAATCHI SPONSORSHIP LIMITED

Report and financial statements for the year ended 31 December 2000

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Directors

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Directors

D Kershaw
N Hurrell
M Patten
D Marren
T Hughes

Secretary and registered office

J C Wales, 36 Golden Square, London, W1R 4EE.

Company number

3306364

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

M&C SAATCHI SPONSORSHIP LIMITED

Report of the directors for the year ended 31 December 2000

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is the provision of advertising sponsorship services. The company has had a year of trading achieving a gross profit of £1,391,000 (1999 - £1,471,000) and profit after taxation of £294,000 (1999 - £265,000). The company expects to continue to grow during 2001.

Directors

The directors of the company during the year were:

D Kershaw

N Hurrell

M Patten

D Marren (appointed 24 August 2000)

T Hughes (appointed 24 August 2000)

The directors do not have an interest in the ordinary share capital of the company. The interests of the directors in the ordinary share capital of M&C Saatchi Limited and M&C Saatchi Worldwide Limited, the parent and ultimate parent of the company, are disclosed in the financial statements of those companies.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 proper accounting records which 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 1985. 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.

M&C SAATCHI SPONSORSHIP LIMITED

Report of the directors for the year ended 31 December 2000 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

J C Wales

Secretary

Date 23 JULY 2001

M&C SAATCHI SPONSORSHIP LIMITED

Report of the independent auditors

To the shareholders of M&C Saatchi Sponsorship Limited

We have audited the financial statements of M&C Saatchi Sponsorship Limited on pages 5 to 12 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

M&C SAATCHI SPONSORSHIP LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
London

23 July 2001

M&C SAATCHI SPONSORSHIP LIMITED**Profit and loss account for the year ended 31 December 2000**

	Note	2000 £'000	1999 £'000
Turnover	2	3,565	3,793
Cost of sales		(2,174)	(2,322)
Gross profit		1,391	1,471
Administrative expenses		(966)	(1,076)
Profit on ordinary activities before taxation	5	425	395
Taxation on profit from ordinary activities	6	(131)	(130)
Profit for the financial year	12	294	265

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 12 form part of these financial statements

M&C SAATCHI SPONSORSHIP LIMITED

Balance sheet at 31 December 2000

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
Fixed assets					
Tangible assets	7		8		25
Current assets					
Work in progress	8	167		17	
Debtors	9	1,603		2,008	
		<u>1,770</u>		<u>2,025</u>	
Creditors: amounts falling due within one year	10	<u>1,039</u>		<u>1,605</u>	
Net current assets			<u>731</u>		<u>420</u>
Net assets			<u>739</u>		<u>445</u>
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	12		739		445
Shareholders' funds	12		<u>739</u>		<u>445</u>

The financial statements were approved by the Board on 23 July 2001

N Hurrell
Director



The notes on pages 7 to 12 form part of these financial statements

M&C SAATCHI SPONSORSHIP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents amounts invoiced to clients, excluding sales taxes, for services provided to clients. Fees are recognised over the year of the relevant assignments or agreements.

Work in progress

Work in progress comprises all outlays incurred on behalf of clients which have still to be recharged, and is stated at cost less provisions for any amounts that may not be recovered.

Fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over the assets' estimated useful lives, as follows:

Furniture, fittings and other equipment	-	10% to 25% in equal instalments
Computer equipment	-	25% in equal instalments
Motor vehicles	-	25% in equal instalments

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as 'operating leases'. Their annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

Pension contributions are paid into employee and directors personal pension plans.

M&C SAATCHI SPONSORSHIP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

1 Accounting policies (*Continued*)

Foreign currency

Foreign currency transactions arising from normal trading activities are recorded in local currency at current exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate.

Foreign currency gains and losses are credited or charged to the profit and loss account as they arise.

2 Turnover

All turnover arose from the principal activity of the company which was carried out in the United Kingdom.

3 Employees

	2000 £'000	1999 £'000
Staff costs for all employees including directors, consist of:		
Wages and salaries	410	307
Social security costs	45	160
Other pension costs	5	-
	<u>460</u>	<u>467</u>
	Number	Number
The average monthly number of employees during the year including executive directors, was as follows:	<u>10</u>	<u>11</u>

4 Directors' emoluments

	2000 £'000	1999 £'000
Remuneration for management services	<u>159</u>	<u>127</u>

M&C SAATCHI SPONSORSHIP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

5 Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
This is arrived at after charging:		
Bad debts	51	-
Depreciation of tangible fixed assets	11	14
Auditors' remuneration	4	3
(Profit)/loss on exchange	(2)	2

Depreciation includes £4,000 (1999 - £10,000) charged on assets held under finance leases and hire purchase contracts.

6 Taxation on profits from ordinary activities

	2000 £'000	1999 £'000
UK corporation tax	131	130

M&C SAATCHI SPONSORSHIP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

7 Tangible assets

	Computer equipment £'000	Furniture, fittings and other equipment £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>				
At 1 January 2000	13	8	43	64
Disposal	-	-	(26)	(26)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	13	8	17	38
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2000	7	2	30	39
Provision for the year	3	1	7	11
Disposal	-	-	(20)	(20)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	10	3	17	30
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2000	3	5	-	8
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	6	6	13	25
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible assets includes an amount of £Nil (1999 - £13,000) in respect of assets held under hire purchase contracts.

8 Work in progress

	2000 £'000	1999 £'000
Work in progress	167	17
	<hr/>	<hr/>

M&C SAATCHI SPONSORSHIP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 *(Continued)*

9 Debtors

	2000 £'000	1999 £'000
Trade debtors	782	420
Amounts due from immediate parent company	803	1,588
Other debtors	1	-
Prepayments and accrued income	17	-
	<u>1,603</u>	<u>2,008</u>

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	495	506
Amounts due to fellow subsidiary undertakings	-	124
Other creditors	27	7
Creditors for taxation and social security	15	631
Corporation tax	131	130
Accruals and deferred income	371	207
	<u>1,039</u>	<u>1,605</u>

11 Share capital

	Authorised 2000 £	Authorised 1999 £	Allotted, called up and fully paid 2000 £	Allotted, called up and fully paid 1999 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

M&C SAATCHI SPONSORSHIP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

12 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit for the year	294	265
Net additions to shareholders' funds	294	265
Opening shareholders' funds	445	180
Closing shareholders' funds	739	445

13 Cash flow statement

The group has the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

14 Related party transactions

The company has taken advantage of the exemption not to disclose any transactions or balances with entities which are part of the group, as consolidated financial statements of the ultimate and immediate parent company are publicly available.

15 Immediate and ultimate parent company

At 31 December 2000, the company's immediate parent company was M&C Saatchi Limited. The ultimate parent company was M&C Saatchi Worldwide Limited.

Copies of the consolidated financial statements of both M&C Saatchi Worldwide Limited and M&C Saatchi Limited, are available from Companies House.