

**REGISTRAR OF
COMPANIES**

**M&C Saatchi Sport & Entertainment
Limited**

Report and Financial Statements

Year Ended

31 December 2007

3206364

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COMPANIES HOUSE

BDO

BDO Stoy Hayward
Chartered Accountants

M&C Saatchi Sport & Entertainment Limited

**Report and financial statements
for the year ended 31 December 2007**

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Directors

D Kershaw
M A S MacLennan
J Boardman
S Martin
J Wynne-Morgan
J Hewitt

Secretary and registered office

J Hewitt, 36 Golden Square, London, W1F 9EE

Company number

3306364

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

M&C Saatchi Sport & Entertainment Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007.

Results and dividends

The profit and loss account is set out on page 6 and shows the result for the year

An interim dividend of £41,000 (2006 - £Nil) was paid during the year

The directors do not recommend the payment of a final dividend (2006 - £Nil)

Principal activities

The principal activity of the company is the provision of sponsorship services

Trading review

The company has had a good year of trading achieving a gross profit of £1,979,000 (2006 - £1,448,000) and a profit after taxation of £246,000 (2006 - £180,000)

Future developments

The company is expected to continue to grow throughout 2008. Competitive pressures in the UK sponsorship industry remain strong with significant changes to the allocation of clients' communication budgets

Business risk

The principal risk faced by the company is the loss of clients. Our top three clients account for 68% of revenue. However, this profile is not out of line with our competitors, and we continue to attract new clients on the basis of our work, quality of our thinking and range of services.

The other less material risks the company faces are loss of key staff and any legal changes that affect our trading structure

Key Performance Indicators

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPI's)

The key financial performance indicators are turnover, gross profit and margin, profit before tax (PBT) and PBT gross profit

The key non-financial performance indicators are the number of staff employed by the company and gross profit per head

M&C Saatchi Sport & Entertainment Limited
Report of the directors
for the year ended 31 December 2007 (Continued)

The KPI's for the year ended 31 December 2007, with comparatives for the year ended 31 December 2006, are set out below:

	2007	2006
Turnover (£'000)	4,669	2,904
Gross profit (£'000)	1,979	1,448
PBT (£'000)	359	263
PBT Gross profit (%)	18	18
Staff	19	13
Gross Profit (£'000)/Staff	104	111

The increase in profitability results from significant new business growth along with continued good management of costs.

Financial risk

The main financial risk faced by the company is credit risk. It is the company's policy to assess the credit risk of new clients before entering into contracts. The company controls credit risk by setting credit limits and following established credit control policies.

The average debtor days for the company were 61 days (2006 - 112 days)

There have been no events since the balance sheet date which materially affect the position of the company

Directors

The directors of the company during the year were

D Kershaw
S Martin
J Wynne-Morgan
M A S MacLennan
J Boardman
J Hewitt

M&C Saatchi Sport & Entertainment Limited

Report of the directors for the year ended 31 December 2007 *(Continued)*

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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

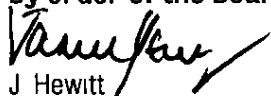
M&C Saatchi Sport & Entertainment Limited
Report of the directors
for the year ended 31 December 2007 *(Continued)*

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office. On 30 December 2006 an elective resolution was passed in accordance with Section 386 of the Act, to dispense of the obligation to re-appoint the auditors annually.

By order of the Board



J Hewitt
Secretary

Date *30 JUNE 2008*

M&C Saatchi Sport & Entertainment Limited

Report of the independent auditors

To the shareholders of M&C Saatchi Sport & Entertainment Limited

We have audited the financial statements of M&C Saatchi Sport & Entertainment Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' Responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 Sport & Entertainment Limited
Report of the independent auditors (*Continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

*BDO Stoy Hayward LLP
Chartered Accountants
and Registered Auditors
London*

Date 30 June 2008

M&C Saatchi Sport & Entertainment Limited

**Profit and loss account
for the year ended 31 December 2007**

	Note	2007 £'000	2006 £'000
Turnover	2	4,669	2,904
Cost of sales		<u>2,690</u>	<u>1,456</u>
Gross profit		1,979	1,448
Administrative expenses		<u>1,621</u>	<u>1,185</u>
Operating profit	5	358	263
Interest receivable		<u>1</u>	<u>-</u>
Profit on ordinary activities before taxation		359	263
Taxation on ordinary activities	6	<u>(113)</u>	<u>(83)</u>
Profit on ordinary activities after taxation	14	<u>246</u>	<u>180</u>

All amounts relate to continuing activities

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

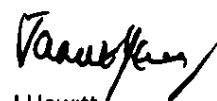
The notes on pages 10 to 16 form part of these financial statements

M&C Saatchi Sport & Entertainment Limited

**Balance sheet
at 31 December 2007**

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Tangible assets	7		8		7
Current assets					
Work in progress	8	95		125	
Debtors	9	1,348		1,072	
		1,443		1,197	
Creditors: amounts falling due within one year	10	1,163		1,141	
Net current assets			280		56
Provisions for liabilities and charges	11		(28)		(8)
Net assets			260		55
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		259		54
Shareholders' funds	15		260		55

The financial statements were approved by the Board of Directors and authorised for issue on



J Hewitt
Director

30 JUN 2008

The notes on pages 10 to 16 form part of these financial statements

M&C Saatchi Sport & Entertainment Limited

**Cash flow Statement
as at 31 December 2007**

	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	17	(180)	236
Returns on investments and servicing of finance			
Interest received		1	-
Taxation			
UK corporation tax refunded/(paid)		226	(230)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(6)	(6)
Dividends paid		(41)	-
		<hr/>	<hr/>
Movement in cash		-	-
		<hr/>	<hr/>

The notes on pages 10 to 16 form part of these financial statements

M&C Saatchi Sport & Entertainment Limited

Notes forming part of the financial statements for the year ended 31 December 2007

1 Accounting policies

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

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

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 period 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%
Computer equipment	- 33%

Share based payments

Certain employees receive remuneration in the form of share based payments, including shares or rights over shares. The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted, excluding the impact of any non-market vesting conditions (for example profitability and sales growth targets). The non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance sheet date the entity revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Where awards depend on future events, we assess the likelihood of these conditions being met and make an appropriate charge at the end of each reporting period. The credit for equity settled transactions is taken to the retained earnings.

For cash-settled share based payments, a liability is recognised for the amount payable at the balance sheet date with a corresponding charge being made to the income statement. Where payments depend on future events, an assessment is made of the likelihood of these conditions being met in determining the amounts to be recorded. Where cash settled share options are only part of the way through their vesting period, the liability and income statement charge are adjusted to reflect the proportion of the vesting period that has been covered up to the balance sheet date. Share based payments include options issued to employees, phantom bonuses and other long term equity linked bonuses. Payments may be in the form of cash or equity. When options are exercised, the cash received for the issued shares is taken to share capital and share premium.

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2007

1 Accounting policies (*Continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Pensions

The company does not operate any company pension schemes. The company makes payments to certain employees to enable them to contribute to their personal pension plans. Payments are charged to the profit and loss account in the period they are due.

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

	2007 £'000	2006 £'000
Staff costs for all employees including directors, consist of		
Wages and salaries	1,168	662
Social security costs	113	70
Other pension costs	19	16
	<hr/>	<hr/>
	1,300	748
	<hr/>	<hr/>
	Number	Number
The average monthly number of employees during the year including executive directors, was as follows		
	19	13
	<hr/>	<hr/>

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2007 (*Continued*)

4 Directors' emoluments

	2007 £'000	2006 £'000
Emoluments for management services	288	224
Pension contributions	15	14
	<hr/>	<hr/>
Remuneration of highest paid director:		
Emoluments for management services	186	147
Pension contributions	10	5
	<hr/>	<hr/>

5 Operating profit

	2007 £'000	2006 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	5	5
Auditors' remuneration	6	5
	<hr/>	<hr/>

6 Taxation on profit from ordinary activities

	2007 £'000	2006 £'000
<i>Current tax</i>		
UK corporation tax charge on result for the year	119	86
<i>Deferred tax</i>		
Tax credit for share based payment provisions (note 12)	(6)	(3)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	113	83
	<hr/>	<hr/>

M&G Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2007 (Continued)

6 Taxation on profit from ordinary activities (Continued)

The tax assessed for the year differs from that obtained by using the standard rate of UK corporation tax. The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	359	263
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30 % (2006 – 30%)	107	79
Effects of Expenses not deductible for tax purposes	6	4
Share based payment provisions	6	3
Current tax charge for year	119	86

7 Tangible assets

	Computer equipment £'000	Furniture, fittings and other equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2007	23	16	39
Additions	4	2	6
At 31 December 2007	27	18	45
<i>Depreciation</i>			
At 1 January 2007	20	12	32
Provided for the year	3	2	5
At 31 December 2007	23	14	37
<i>Net book value</i>			
At 31 December 2007	4	4	8
At 31 December 2006	3	4	7

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2007 (Continued)

8	Work in progress	2007 £'000	2006 £'000
	Work in progress	95	125
		<u> </u>	<u> </u>
9	Debtors	2007 £'000	2006 £'000
	Trade debtors	782	888
	Amounts owed by group companies	509	-
	Other debtors	-	2
	Corporation tax	-	142
	Deferred tax	10	4
	Prepayments and accrued income	47	36
		<u> </u>	<u> </u>
		1,348	1,072
		<u> </u>	<u> </u>
	All amounts shown under debtors fall due for payment within one year.		
10	Creditors: amounts falling due within one year	2007 £'000	2006 £'000
	Trade creditors	239	244
	Other creditors	-	84
	Corporation tax	203	-
	Amounts due to other group companies	-	259
	Accruals and deferred income	721	554
		<u> </u>	<u> </u>
		1,163	1,141
		<u> </u>	<u> </u>
11	Provisions for liabilities and charges	2007 £'000	2006 £'000
	Share based payment provision	23	6
	National Insurance on employee options	5	2
		<u> </u>	<u> </u>
		28	8
		<u> </u>	<u> </u>

M&C Saatchi Sport & Entertainment Limited

**Notes forming part of the financial statements
for the year ended 31 December 2007 (Continued)**

12 Deferred taxation

The movement in the deferred taxation account was

	2007 £'000	2006 £'000
At 1 January 2007	4	1
Credit to profit and loss account (note 6)	6	3
	<hr/>	<hr/>
At 31 December 2007	10	4
	<hr/>	<hr/>
Provision for share based payments	10	4
	<hr/>	<hr/>

13 Share capital

	Authorised		Allotted, called up and fully paid	
	2007 Number	2006 Number	2007 Number	2006 Number
'A' ordinary shares of £0.01 each	74,376	74,376	74,376	74,376
'B' ordinary shares of £0.01 each	25,624	25,624	25,624	25,624
	<hr/>	<hr/>	<hr/>	<hr/>
	100,000	100,000	100,000	100,000
	<hr/>	<hr/>	<hr/>	<hr/>
	£	£	£	£
'A' ordinary shares of £0.01 each	744	744	744	744
'B' ordinary shares of £0.01 each	256	256	256	256
	<hr/>	<hr/>	<hr/>	<hr/>
	1,000	1,000	1,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>

The 'A' and 'B' ordinary shares rank pari passu except as set out in the Articles of Association

14 Profit and loss account

	£'000
At 1 January 2007	54
Profit for the year	246
Dividends	(41)
	<hr/>
At 31 December 2007	259
	<hr/>

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2007 (Continued)

15 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Profit for the year	246	180
Dividends	(41)	-
	<hr/>	<hr/>
Net increase to shareholders' funds	205	180
Opening shareholders' funds/(deficit)	55	(125)
	<hr/>	<hr/>
Closing shareholders' funds	260	55
	<hr/>	<hr/>

16 Related party transactions

Travelex Limited and M&C Saatchi Sponsorship Limited's ultimate parent company share a common director. Total sales to Travelex Limited in the year were £205,000 (2006 - £20,000) and at the year end the amount owed was £nil (2006 - £Nil).

The company paid £294,048 (2006 - £230,629) to its immediate parent company as its share of group overhead costs for the year. At the year end the amount owed was £Nil (2006 - £Nil).

17 Reconciliation of operating profit to net cash outflow from operating activities

	2007 £'000	2006 £'000
Operating profit	358	263
Depreciation	5	5
Increase in work in progress	30	(66)
Increase in debtors	(412)	(354)
(Decrease)/increase in creditors	(181)	382
Increase in provisions	20	6
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(180)	236
	<hr/>	<hr/>

18 Immediate and ultimate parent company

At 31 December 2007, the company's immediate parent company was M&C Saatchi (UK) Limited. The ultimate parent company was M&C Saatchi plc.

The company is a guarantor of and its assets secured by, a bank loan held by M&C Saatchi Plc. The loan is a part of a three year £10m facility plus a between one and three year £3m facility. The loans mature in three years time.

Copies of the consolidated financial statements of both companies are available from Companies House.