

M&C Saatchi Sport & Entertainment Limited

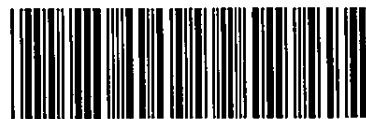
Directors' Report and Financial Statements

Year Ended

31 December 2013

Company Number 03306364

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M&C Saatchi Sport & Entertainment Limited

**Directors' report and financial statements
for the year ended 31 December 2013**

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Directors

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

Secretary and registered office

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

Company number

03306364

Auditor

KPMG Audit Plc 15 Canada Square, London, E14 5GL

M&C Saatchi Sport & Entertainment Limited

Directors' report for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013

Results and dividends

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

An interim dividend of £590,000 (2012 - £470,000) was paid during the year

The directors do not recommend the payment of a final dividend (2012 - £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 revenue of £4,820,000 (2012 - £4,507,000) and a profit after taxation of £660,000 (2012 - £590,000)

Future developments

The company is expected to continue to grow throughout 2014, with a continued focus on expansion in Australia and the USA. Competitive pressures in the UK sponsorship industry remain strong with significant changes to the allocation of clients' communication budgets

Business risk

The principal risks faced by the company are the loss of clients and key staff

Our top three clients account for 35% (2012 – 45%) 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

To retain our staff, we operate an equal opportunities policy and actively encourage open communication at all levels

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 billings, revenue, profit before tax (PBT) and PBT Revenue

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

The KPI's for the year ended 31 December 2013, with comparatives for the year ended 31 December 2012, are set out below

	2013	2012
Billings (£'000)	9,007	9,519
Revenue (£'000)	4,820	4,507
PBT (£'000)	868	793
PBT Revenue (%)	18	18
Staff	43	40
Revenue (£'000)/Staff	112	113

M&C Saatchi Sport & Entertainment Limited
Directors' report
for the year ended 31 December 2013 (*Continued*)

Charitable and political contributions

The company made charitable and political donations of £2,000 (2012 - £1,000) during the year, of which £Nil were political (2012 - £Nil)

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 24 days (2012 - 65 days)

Directors

The directors of the company during the year were

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

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditor

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

Auditor

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 auditor 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 auditor is unaware.

During the year, KPMG Audit Plc was appointed as auditors in accordance with Section 519 of Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office. However, our auditor, KPMG Audit Plc, has instigated an orderly transfer of its business to its parent company, KPMG LLP. Therefore, during 2014 the board of M&C Saatchi Sport & Entertainment Limited will appoint KPMG LLP as auditor.

M&C Saatchi Sport & Entertainment Limited

**Statement of directors' responsibilities
for the year ended 31 December 2013 (*Continued*)**

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

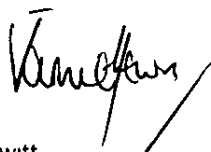
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

On behalf of the Board



**J Hewitt
Director**

36 Golden Square
London
W1F 9EE

28 APRIL 2014

Independent auditor's report
For the year ended 31 December 2013

TO THE MEMBERS 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 2013 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

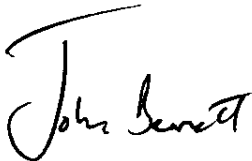
Independent auditor's report (Continued)

For the year ended 31 December 2013

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to not prepare a strategic report, in accordance with the small companies regime.



John Bennett (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28 April 2014

M&C Saatchi Sport & Entertainment Limited

**Profit and loss account
for the year ended 31 December 2013**

	Note	2013 £'000	2012 £'000
Billings	2	9,007	9,519
Revenue		4,820	4,507
Administrative expenses		(3,952)	(3,714)
Operating profit	5	868	793
Interest payable		-	-
Profit on ordinary activities before taxation		868	793
Taxation on ordinary activities	6	(208)	(203)
Profit on ordinary activities after taxation	13,14	660	590

All amounts relate to continuing activities

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

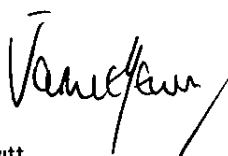
The notes on pages 9 to 15 form part of these financial statements

M&C Saatchi Sport & Entertainment Limited

**Balance sheet
at 31 December 2013**

<i>Company number 03306364</i>	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	7		11		12
Current assets					
Debtors	8	2,636		2,779	
Creditors' amounts falling due within one year	9	(2,149)		(2,363)	
Net current assets			487		416
Provisions for liabilities	10		(5)		(5)
Net assets			493		423
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account	13		492		422
Shareholders' funds	14		493		423

The financial statements were approved by the Board of Directors and authorised for issue on **28 APRIL 2014**


J Hewitt
Director

The notes on pages 9 to 15 form part of these financial statements

M&C Saatchi Sport & Entertainment Limited

**Cash flow Statement
as at 31 December 2013**

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	15	522	689
Taxation			
UK corporation tax refunded/(paid)		72	(211)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(4)	(8)
Dividends paid		(590)	(470)
		<hr/>	<hr/>
Movement in cash		-	-
		<hr/>	<hr/>

The notes on pages 9 to 15 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 2013

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

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

Going concern

The Company does not have a bank account. Cash receipts and payments are accounted for on the Company's behalf by fellow subsidiaries and are reflected in the movement in amounts owed to/from group undertakings

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reason. The Company is dependent for its working capital on funds provided to it by M&C Saatchi (UK) Limited the Company's immediate parent undertaking. M&C Saatchi plc, the Company's ultimate parent undertaking, has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the Company and, in particular, will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements they have no reason to believe that it will not do so.

On this basis, and on their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Billings and revenue

Billings represents the gross amounts billed to clients in respect of revenue earned and other client recharges, net of discounts and sales taxes. This is a non – GAAP measure

Revenue comprises commission and fees. Commission, is recognised when there is a right to consideration through the performance of duties, usually when advertisements appear in the media, and when production work is completed, fees being the income charged to clients for services provided, are recognised over the period of the relevant assignments or agreements

Tangible fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost less estimated residual value of each asset by equal instalments over the assets' estimated economic useful lives, as follows

Furniture, fittings and other equipment	- 10% to 25%
Computer equipment	- 33%

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, with discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

1 Accounting policies (continued)

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

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Billings

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

3 Staff costs and numbers

	2013 £'000	2012 £'000
Staff costs for all employees including directors, consist of		
Wages and salaries	2,743	2,513
Social security costs	279	277
Other pension costs	96	91
	<hr/> 3,118	<hr/> 2,881
	Number	Number
The average monthly number of employees during the year including executive directors, was as follows	<hr/> 43	<hr/> 40

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

4 Directors' emoluments

	2013 £'000	2012 £'000
Emoluments for management services	563	555
Pension contributions	63	64
	<hr/>	<hr/>
Remuneration of highest paid director		
Emoluments for management services	325	325
Pension contributions	38	38
	<hr/>	<hr/>

Two directors (2012 – two) accrued benefits under pension schemes, LTIP and growth shares

5 Operating profit

	2013 £'000	2012 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	5	8
Auditor's remuneration	10	8
	<hr/>	<hr/>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, M&C Saatchi plc

6 Taxation on profit from ordinary activities

	2013 £'000	2012 £'000
<i>Current tax</i>		
UK corporation tax charge on result for the year	208	200
Adjustment in respect of prior years	-	3
	<hr/>	<hr/>
Taxation on profit on ordinary activities	208	203
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

6 Taxation on profit from ordinary activities (continued)

The current tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK 23.25% (2012 24.5%). The differences are explained below

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	868	793
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	202	194
Effects of Expenses not deductible for tax purposes	6	6
Adjustment in respect of prior years	-	3
Current tax charge for year	208	203

7 Tangible assets

	Computer equipment £'000	Furniture, fittings and other equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2013	42	17	59
Additions	2	2	4
At 31 December 2013	44	19	63
<i>Depreciation</i>			
At 1 January 2013	39	8	47
Provided for the year	3	2	5
At 31 December 2013	42	10	52
<i>Net book value</i>			
At 31 December 2013	2	9	11
At 31 December 2012	3	9	12

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

8 Debtors

	2013 £'000	2012 £'000
Trade debtors	601	1,700
Amounts owed by immediate parent company	1,801	912
Amounts owed by other group companies	14	22
Other debtors	-	30
Deferred tax asset (note 11)	4	4
Prepayments and accrued income	216	111
	<hr/> 2,636 <hr/>	<hr/> 2,779 <hr/>

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

9 Creditors, amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	621	768
Amounts due to other group companies	35	-
Corporation tax	409	129
Other creditors	25	2
Accruals and deferred income	1,059	1,464
	<hr/> 2,149 <hr/>	<hr/> 2,363 <hr/>

Amounts due to other group companies are non-interest bearing and not repayable on demand

10 Provisions for liabilities

	2013 £'000	2012 £'000
National Insurance on employee options	5	5
	<hr/> 5 <hr/>	<hr/> 5 <hr/>

11 Deferred taxation

The movement in the deferred taxation asset was

	2013 £'000	2012 £'000
At 1 January 2013 and at 31 December 2013	4	4
	<hr/> 4 <hr/>	<hr/> 4 <hr/>

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

12 Share capital

	Allotted, called up and fully paid	
	2013 Number	2012 Number
'A' ordinary shares of £0.01 each	74,376	74,376
'B' ordinary shares of £0.01 each	25,624	25,624
'Z' ordinary shares of £0.01 each	7,000	7,000
Growth 'A' shares of £0.001 each	26,925	26,925
Growth 'B' shares of £0.001 each	26,925	26,925
	<hr/>	<hr/>
	160,850	160,850
	<hr/>	<hr/>
	£	£
'A' ordinary shares of £0.01 each	744	744
'B' ordinary shares of £0.01 each	256	256
'Z' ordinary shares of £0.01 each	70	70
Growth 'A' shares of £0.001 each	27	27
Growth 'B' shares of £0.001 each	27	27
	<hr/>	<hr/>
	1,124	1,124
	<hr/>	<hr/>

The 'A' and 'B' ordinary shares each carry a right to one vote and a right to dividends. The 'Z' Ordinary shares each carry a right to one vote and a minimum dividend.

The Growth 'A' and Growth 'B' shares hold no rights to dividend and no voting rights. Upon winding up of the Company, the assets of the Company are distributed to Ordinary shareholders before Growth shareholders are paid out.

13 Profit and loss account

	£'000
At 1 January 2013	422
Profit for the year	660
Dividends	(590)
	<hr/>
At 31 December 2013	492
	<hr/>

M&C Saatchi Sport & Entertainment Limited
Notes forming part of the financial statements
for the year ended 31 December 2013 (Continued)

14 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the year	660	590
Dividends	(590)	(470)
	<hr/>	<hr/>
Net movement in shareholders' funds	70	120
Opening shareholders' funds	423	303
	<hr/>	<hr/>
Closing shareholders' funds	493	423
	<hr/>	<hr/>

15 Reconciliation of operating profit to net cash inflow from operating activities

	2013 £'000	2012 £'000
Operating profit	868	793
Depreciation	5	8
Decrease/(Increase) in debtors	143	191
(Decrease)/Increase in creditors	(494)	(305)
Increase/(Decrease) in provisions	-	2
	<hr/>	<hr/>
Net cash inflow from operating activities	522	689
	<hr/>	<hr/>

16 Related party transactions

The company paid £586,836(2012 - £529,188) to its immediate parent company as its share of group overhead costs for the year. At the year end, £1,801,000 was owed by the immediate parent company to M&C Saatchi Sport & Entertainment Limited (2012 - £912,000)

17 Immediate and ultimate parent company

The immediate parent company is M&C Saatchi (UK) 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 accounts are available from M&C Saatchi plc, 36 Golden Square, London W1F 9EE.

18 Contingent liabilities

The company is a guarantor of, and its assets are secured by, a bank loan held by M&C Saatchi plc. The loan has a banking facility of up to £14.5m (2012: £10m) plus a one year £0.3m (2012: £0.3m) overdraft facility. This facility matures on 30 April 2017. The amount of the loan drawn down at 31 December 2013 is £0.3m (2012: £4,324,000). The overdraft facility is undrawn.