
M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

WEDNESDAY



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19/09/2018
COMPANIES HOUSE

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

COMPANY INFORMATION

Directors	D Kershaw MAS MacLennan S Martin J Wynne-Morgan J Hewitt J Fullagar (appointed 31 October 2017) R Barker (appointed 31 October 2017)
Company secretary	J Hewitt
Registered number	03306364
Registered office	36 Golden Square London W1F 9EE

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

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M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their report together with the unaudited financial statements for the year ended 31 December 2017.

Business review

The company has had a good year of trading building on existing relationships with clients such as Samsung and BNY Mellon, Reebok and Adidas and generating a 4% increase in gross profit.

Principal risks and uncertainties

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

Our top three clients account for 36% (2016 – 33%) 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.

Financial 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 KPI's for the year ended 31 December 2017, with comparatives for the year ended 31 December 2016, are set out below:

Billings (£000's) - £13,933 (2016 - £13,882)
Revenue (£000's) - £6,314 (2016 - £6,064)
PBT (£000's) - £1,263 (2016 - £1,174)

PBT Revenue (%) - 20% (2016 - 19%)

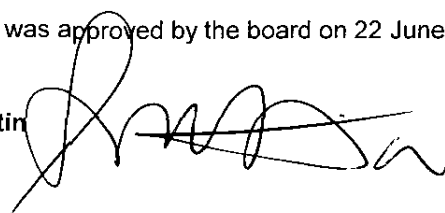
Other key performance indicators

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

Staff - 57 (2016 - 60)
Revenue (£000's)/Staff - 111 (2016 - 101)

This report was approved by the board on 22 June 2018 and signed on its behalf.

Steve Martin
Director



M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amounted to £1,003,000 (2016 - £938,000).

An interim dividend of £950,000 (2016 - £930,000) was paid during the year. The directors do not recommend the payment of a final dividend (2016 - £Nil).

Directors

The directors who served during the year were:

D Kershaw
MAS MacLennan
S Martin
J Wynne-Morgan
J Hewitt
J Fullagar (appointed 31 October 2017)
R Barker (appointed 31 October 2017)

Future developments

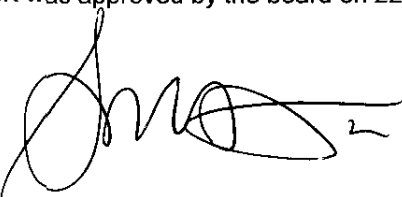
The company is expected to continue to grow throughout 2018, with a continued focus on expansion into E-Sport. Competitive pressures in the UK sponsorship industry remain strong with significant changes to the allocation of clients' communication budgets.

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 22 June 2018 and signed on its behalf.

S Martin
Director

A handwritten signature in black ink, appearing to be 'S Martin', with a stylized flourish at the end.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover	4	13,933	13,882
Cost of sales		(7,619)	(7,818)
Gross profit		6,314	6,064
Administrative expenses		(5,051)	(4,890)
Operating profit	5	1,263	1,174
Tax on profit	8	(260)	(236)
Profit for the financial year		1,003	938

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit and loss account.

The notes on pages 10 to 23 form part of these financial statements.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Profit for the financial year		1,003	938
<hr/>			
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Other comprehensive income 1		22	-
		<hr/>	<hr/>
		22	-
<hr/>			
Total comprehensive income for the year		1,025	938
<hr/>			

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit and loss account.

The notes on pages 10 to 23 form part of these financial statements

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED
REGISTERED NUMBER: 03306364

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	10	142	124
		<u>142</u>	<u>124</u>
Current assets			
Debtors	11	4,704	2,509
Cash at bank and in hand	12	454	1,598
		<u>5,158</u>	<u>4,107</u>
Creditors: amounts falling due within one year	13	(3,743)	(3,486)
Net current assets		<u>1,415</u>	<u>621</u>
Total assets less current liabilities		<u>1,557</u>	<u>745</u>
Creditors: amounts falling due after more than one year	14	(203)	-
		<u>1,354</u>	<u>745</u>
Provisions for liabilities			
Other provisions	16	-	(5)
		<u>-</u>	<u>(5)</u>
Net assets excluding pension asset		<u>1,354</u>	<u>740</u>
Net assets		<u><u>1,354</u></u>	<u><u>740</u></u>

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED
REGISTERED NUMBER: 03306364

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Capital and reserves			
Called up share capital	17	540	1
Other reserves		22	-
Profit and loss account		792	739
		<u>1,354</u>	<u>740</u>

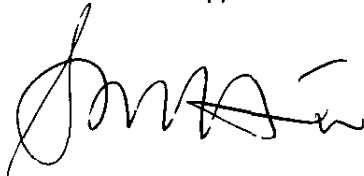
The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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 22 June 2018.

S Martin
Director



The notes on pages 10 to 23 form part of these financial statements.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

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

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	1	-	739	740
Comprehensive income for the year				
Profit for the year	-	-	1,003	1,003
Other movement type 1	-	22	-	22
Total comprehensive income for the year	-	22	1,003	1,025
Dividends: Equity capital	-	-	(950)	(950)
Shares issued during the year	539	-	-	539
Total transactions with owners	539	-	(950)	(411)
At 31 December 2017	540	22	792	1,354

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	1	731	732
Comprehensive income for the year			
Profit for the year	-	938	938
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	938	938
Dividends: Equity capital	-	(930)	(930)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(930)	(930)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	1	739	740
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 23 form part of these financial statements.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

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

2. Accounting policies

2.1 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:

2.2 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 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Going concern

At the balance sheet date, the Company has considerable financial resources, and is expected to continue to generate positive cash flows on its own account for the foreseeable future. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 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.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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	-	
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 Profit and loss account.

2.6 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.

2.7 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.

2.8 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.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 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.

2.10 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and loss account is charged with fair value of goods and services received.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, 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.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

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

	2017 £000	2016 £000
Sponsorship services	13,933	13,882
	13,933	13,882

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	35	17
Exchange differences	12	(92)
Defined contribution pension cost	98	104

6. Employees

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	3,377	3,569
Social security costs	340	344
Cost of defined contribution scheme	98	104
	3,815	4,017

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

2017 No.	2016 No.
57	60

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Directors' remuneration

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined benefit pension schemes.

8. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	250	235
Adjustments in respect of previous periods	7	1
	<u>257</u>	<u>236</u>
Total current tax	<u>257</u>	<u>236</u>
Deferred tax		
Origination and reversal of timing differences	3	-
Total deferred tax	<u>3</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>260</u>	<u>236</u>

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	1,263	1,174
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	243	235
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7	-
Adjustments to tax charge in respect of prior periods	7	1
Other differences leading to an increase (decrease) in the tax charge	3	-
Total tax charge for the year	260	236

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Dividends

	2017 £000	2016 £000
Interim dividend paid £9.50 (2016 - £9.30) per share	707	701
Interim dividend paid £9.50 (2016 - £9.30) per share	243	229
	<u>950</u>	<u>930</u>

10. Tangible fixed assets

	Long-term leasehold property £000	Office equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2017	-	166	62	228
Additions	51	-	1	52
At 31 December 2017	<u>51</u>	<u>166</u>	<u>63</u>	<u>280</u>
Depreciation				
At 1 January 2017	-	43	61	104
Charge for the year on owned assets	4	29	1	34
At 31 December 2017	<u>4</u>	<u>72</u>	<u>62</u>	<u>138</u>
Net book value				
At 31 December 2017	<u>47</u>	<u>94</u>	<u>1</u>	<u>142</u>
At 31 December 2016	<u>-</u>	<u>123</u>	<u>1</u>	<u>124</u>

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

	2017 £000	2016 £000
Long leasehold	46	-
	<u>46</u>	<u>-</u>

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Debtors

	2017	2016
	£000	£000
Due after more than one year		
Deferred tax asset	-	4
	<u>-</u>	<u>4</u>
Due within one year		
Trade debtors	2,778	1,475
Amounts owed by group undertakings	1,337	1,006
Other debtors	549	-
Prepayments and accrued income	40	24
	<u>4,704</u>	<u>2,509</u>

Included within other debtors due within one year are loans to the following directors: Martin £161,750, Wynne-Morgan £161,750, Barker £107,750 and Fullagar £107,750 (2016: £nil). These are amounts unpaid on shares issued in the year.

12. Cash and cash equivalents

	2017	2016
	£000	£000
Cash at bank and in hand	454	1,598
	<u>454</u>	<u>1,598</u>

13. Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	356	458
Amounts owed to group undertakings	-	28
Corporation tax	249	187
Other creditors	14	186
Accruals and deferred income	3,124	2,627
	<u>3,743</u>	<u>3,486</u>

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Creditors: Amounts falling due after more than one year

	2017	2016
	£000	£000
Amounts owed to associates	203	-
	<u>203</u>	<u>-</u>

15. Deferred taxation

	2017
	£000
At beginning of year	4
Charged to profit or loss	(4)
At end of year	<u>-</u>

The deferred tax asset is made up as follows:

	2017	2016
	£000	£000
Accelerated capital allowances	-	4
	<u>-</u>	<u>4</u>

16. Provisions

	Other provision 1
	£000
At 1 January 2017	5
Charged to profit or loss	(5)
At 31 December 2017	<u>-</u>

17. Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Share capital (continued)

112,500 (2016 - 74,376) 'A' Ordinary shares of £0.01 each shares of £0.01 each	1,125	744
25,624 'B' Ordinary shares of £0.01 each shares of £0.01 each	-	256
7,000 'Z' Ordinary shares of £0.01 each shares of £0.01 each	-	70
37,500 'C' Ordinary shares of £0.01 each shares of £0.01 each	375	-
	<u>1,500</u>	<u>1,070</u>

Allotted, called up and partly paid

37,500 'C' Ordinary shares of £0.01 each shares of £0.01 each	<u>538,751</u>	<u>-</u>
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On 31 October 2017, all of the existing Ordinary shares were redesignated into 112,386 'A' Ordinary £0.01 shares. There were also 114 new 'A' Ordinary £0.01 shares issued and a new class; 37,500 'C' Ordinary £0.01 shares issued with share premium of £14.36 per share. All 'A' shares carry a right to a dividend. 'C' shares also carry a right to a dividend, only if the PBT of that financial year exceeds an agreed 'Base Level Profit' (BLP). Both 'A' and 'C' shares carry a right to one vote.

All of the 'C' Ordinary shares carry options. Each share carries rights to exchange shares into M&C Saatchi plc shares. The value of the shares is based upon the groups headline after tax multiple that excludes loss making companies. The valuation is based upon the normalised post tax profits of the relevant group company above the companies profits plus a compound factor. The 'B1' shares are exercisable at any time. As at 31 December 2017, the valuation of the shares resulted in a £xxx charge to the profit and loss account and a balance in other reserves.

M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

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18. Share based payments

As at 31 December 2017, the valuation of the shares resulted in a £22,000 charge to the profit and loss account (2016: £nil) and a balance in other reserves.

	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	0	-
Granted during the year	3.34	200,000
Outstanding at the end of the year	3.34	200,000
		2017
Option pricing model used		Monte Carlo
Weighted average share price (pence)		3.34
Exercise price (pence)		2.97
Weighted average contractual life (days)		4 years
Expected volatility		31%
Expected dividend growth rate		2.57%
Risk-free interest rate		0.79%
		2017 £000
Equity-settled schemes		22
		22

19. 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 £40.0m (2016 - £40.0m) plus a one year £0.3m (2016 - £0.3m) overdraft facility. On 29 November 2017, it was agreed that this facility would only reduce to £38.0m on 31 December 2018 and £36.0m on 31 December 2019 (2016: reduces by £2.0m annually). This facility matures on 30 April 2020. The amount of the loan drawn down at 31 December 2017 is £37.7m (2016 - £28.6m). The overdraft facility is undrawn.

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20. Controlling party

The immediate parent company is M&C Saatchi (Worldwide) 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.