

**Calling Brands Limited  
(previously called Dave Soho  
Limited)**

Directors' Report and Financial Statements

Year Ended 31 December 2011

**Company number 4619585**

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# **Dave Soho Limited**

## **Directors' report and financial statements for the year ended 31 December 2011**

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### **Directors**

P Scott  
D Klein  
A Martin

### **Secretary and registered office**

S Ewing  
  
60 Great Portland Street  
London  
W1W 7RT

### **Company number**

4619585

### **Auditors**

KPMG LLP  
8 Salisbury Square  
London EC4Y 8BB

Company number 4619585

# **Dave Soho Limited**

## **Directors' Report for the year ended 31 December 2011**

The directors present their report together with the audited financial statements for the year ended 31 December 2011

### **Principal activity**

The principal activity of the company during the year was the provision of brand consulting and design services

On 1 August 2011 the trade and assets of the Company were transferred to Engine Partners UK LLP

### **Results and dividends**

The profit for the year, after taxation, amounted to £10,694,349 (2010 – £839,651)

An interim dividend of £nil was declared and paid in respect of the financial year (2010 – £2,270,513) A final dividend of £nil is proposed (2010 – £nil)

### **Directors and their interests**

The directors of the company during the year were

D Bobby	(resigned 1 August 2011)
D Rowe	(resigned 1 August 2011)
R Laughton	(resigned 1 August 2011)
P Scott	
D Klein	
P Harris	(resigned 30 June 2012)
A Martin	(appointed 23 April 2012)

### **Disclosure of information to auditors**

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 auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

### **On behalf of the Board**



A Martin  
Director

26 July 2012

## **Dave Soho Limited**

### **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements for the year ended 31 December 2011**

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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 judgments 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.

## **KPMG LLP**

8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVE SOHO LIMITED**

We have audited the financial statements of Dave Soho Limited for the year ended 31 December 2011 set out on pages 5 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 (APB'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 APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **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 2011 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 TO THE MEMBERS OF DAVE SOHO LIMITED**  
**(Continued)**

**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

**Andy Turner**  
**Senior Statutory Auditor**  
**for and on behalf of KPMG LLP**  
Statutory Auditor  
Chartered Accountants

26 July 2012

# Dave Soho Limited

## Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
<b>Gross Billings</b>	1	<b>2,109,043</b>	4,687,898
Rebillable costs	1	(194,826)	(1,303,382)
<b>Revenue</b>	1,2	<b>1,914,217</b>	3,384,516
Administrative expenses		(1,648,756)	(2,543,429)
Restructuring costs		(22,500)	-
<b>Operating profit</b>	3	<b>242,961</b>	841,087
Interest payable and similar charges	6	-	(1,027)
Profit on sale of assets	18	10,451,388	-
<b>Profit on ordinary activities before taxation</b>		<b>10,694,349</b>	840,060
Taxation on profit on ordinary activities	7	-	(409)
<b>Profit on ordinary activities after taxation</b>		<b>10,694,349</b>	839,651

All amounts relate to discontinued activities

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


The notes on pages 7 to 15 form part of these financial statements

# Dave Soho Limited

## Balance sheet at 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
<b>Current assets</b>					
Debtors - amounts falling due within one year	9	11,330,000	2,076,932		
Deferred tax	10	-	3,685		
		<u>11,330,000</u>	<u>2,080,617</u>		
<b>Creditors, amounts falling due within one year</b>	11	-	(1,444,966)		
<b>Net current assets</b>			<u>11,330,000</u>		<u>635,651</u>
<b>Net assets</b>			<u>11,330,000</u>		<u>635,651</u>
<b>Capital and reserves</b>					
Called up share capital	12	146,000		146,000	
Profit and loss account	13	11,184,000		489,651	
<b>Shareholders' funds</b>	14	<u>11,330,000</u>		<u>635,651</u>	

The financial statements were approved by the Board of Directors and attend for issue on 26 July 2012

  
A Martin  
Director

The notes on pages 7 to 15 form part of these financial statements

Company number 4619585



# Dave Soho Limited

## Notes forming part of the financial statements for the year ended 31 December 2011

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### 1 Accounting policies

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

#### *Basis of Preparation*

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

#### *Cash Flow Statement*

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

#### *Related party transactions*

As the Company is a wholly owned subsidiary of The Engine Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

#### *Going concern*

The directors have considered the factors that impact the company's future development, performance, cash flows and financial position along with the company's current liquidity in forming their opinion on the going concern basis. The company has transferred its trade and assets to Engine Partners UK LLP on 1 August 2011. The directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

#### *Gross billings, rebillable costs and revenue*

Gross billings represents amounts receivable from clients (exclusive of Value Added Tax) for services provided and comprises fees, commissions and rechargeable expenses incurred on behalf of clients

Revenue comprises turnover, less amounts payable on behalf of clients to external suppliers performing part of the work being provided to the client, and represents fees, commission and mark-up on rechargeable expenses

Billings and revenue reflect the value of work performed during the year by recording turnover and related costs as service activity progresses

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred

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 to make such taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

# Dave Soho Limited

## Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

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### 1 Accounting policies (*continued*)

#### *Pension costs*

For defined contribution schemes the amount charged in the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### *Leases*

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 and categorised as appropriate under creditors due within or after one year. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged in the profit and loss account. Lease payments are split between capital and interest. The interest is charged in 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 in the profit and loss account on a straight line basis over the lease term even if payments are not made on that basis.

#### *Foreign currency*

Transactions denominated in foreign currencies are translated into sterling at the actual exchange rates at the date of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction or from the translation of monetary assets or liabilities at the rate prevailing on the balance sheet date is reported as an exchange gain or loss in the profit and loss account.

#### *Dividends*

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

**Dave Soho Limited**  
**Notes forming part of the financial statements**  
**for the year ended 31 December 2011 (Continued)**

**2 Revenue**

Revenue and operating profit are derived solely from the company's main activity as an advertising agency

An analysis of revenue by geographical market is given below

	2011 £	2010 £
United Kingdom	1,566,935	2,445,807
European Union	345,782	628,686
Other	1,500	310,023
	<u>1,914,217</u>	<u>3,384,516</u>

**3 Notes to the profit and loss account**

	2011 £	2010 £
Profit on ordinary activities before taxation is stated after charging		
Operating lease charges - other	-	5,491
Exchange losses	6,229	8,443
	<u>6,229</u>	<u>8,443</u>

In common with all group companies, auditors remuneration in respect of audit services is borne by the company's parent, The Engine Group Limited, for both the current and preceding year. The details of which are disclosed in the accounts of the ultimate parent.

# Dave Soho Limited

## Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

### 4 Employees

The average monthly number of persons employed by the company (including directors) during the year was

	2011	2010
Creative, account handling and administrative	31	25

	2011 £	2010 £
Staff cost (including executive directors) consist of		
Wages and salaries	1,017,482	1,415,539
Social security costs	124,432	163,874
Other pension costs	26,957	36,505
	<b>1,168,871</b>	<b>1,615,918</b>

### 5 Directors' emoluments

	2011 £	2010 £
Emoluments	250,814	407,671
Company contributions to money purchase pension schemes	12,541	20,124
	<b>263,355</b>	<b>427,795</b>

During the year, the company made payments to money purchase pension schemes on behalf of 3 directors (2010 - 3)

Emoluments of the highest paid director amounted to £88,302 (2010 - £142,865)  
Contributions of £4,205 (2010 - £6,708) were made to money purchase pension schemes for the highest paid director

### 6 Interest payable and similar charges

	2011 £	2010 £
Interest payable	-	1,027

# Dave Soho Limited

## Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

### 7 Tax on profit on ordinary activities

	2011 £	2010 £
a) Analysis of charge in the year		
<i>Current tax</i>		
Adjustment relating to prior years	-	2,768
Total current tax charge	-	2,768
<i>Deferred tax (see note 10)</i>		
Origination and reversal of timing differences	-	376
Prior year deferred tax	-	(2,886)
Effect of tax rate change on opening balance	-	151
Total deferred tax (credit)	-	(2,359)
Total current tax charge	-	409

### b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2010 – lower) than the standard rate of corporation tax in the UK. The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<b>10,694,349</b>	840,060
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5 % (2010 - 28%)	<b>2,838,173</b>	235,217
Effects of		
Expenses not deductible for tax purposes	<b>(2,773,097)</b>	3,238
Group relief claimed	<b>(61,391)</b>	(238,064)
Adjustment relating to prior years	-	2,768
Capital allowances in excess of depreciation	-	(577)
Other short term timing differences	-	186
Amounts charged directly to STRGL or otherwise transferred	<b>(3,685)</b>	-
Current tax charge for year	-	2,768

# Dave Soho Limited

## Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

### 8 Dividends

	2011 £	2010 £
Interim dividend, proposed and paid during the year, £nil per share (2010 £15.55 per share)	-	2,270,513
	-	2,270,513

### 9 Debtors: amounts falling due within one year

	2011 £	2010 £
Trade debtors	-	836,927
Amounts owed by group undertakings	11,330,000	1,180,198
Other debtors	-	15,085
Prepayments and accrued income	-	44,722
	11,330,000	2,076,932

According to certain agreements in place with respect to amounts owed by group undertakings the amounts above are not repayable within one year. However it is the directors' intention to collect the amounts due within a short timeframe via a group wide inter-company settlement after signing these accounts therefore the amount has been disclosed as due within one year.

# Dave Soho Limited

## Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

### 10 Deferred tax

The recognised deferred tax asset arises in respect of

	2011 £	2010 £
Other short term timing differences	-	1,459
Fixed asset timing differences	-	2,226
	-	3,685
Balance at 1 January		
Deferred tax asset at 1 January	3,685	1,326
Credit to profit and loss account	-	2,359
Transferred during the year	(3,685)	-
Balance at 31 December	-	3,685

### 11 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdraft	-	3,500
Trade creditors	-	111,845
Amounts owed to group undertakings	-	623,575
Taxation and social security	-	51,600
Other creditors	-	16,060
Accruals and deferred income	-	507,184
Corporation tax	-	131,202
	-	1,444,966

# Dave Soho Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*Continued*)

## 12 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
58,400 Ordinary shares of £1 each	58,400	58,400
87,600 Ordinary 'A' shares of £1 each	87,600	87,600
	<u>146,000</u>	<u>146,000</u>

## 13 Statement of movements on profit and loss account

	Profit and loss £
At 1 January 2011	489,651
Profit for the financial year	10,694,349
	<u>11,184,000</u>
At 31 December 2011	

## 14 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Profit for the financial year	10,694,349	839,651
Dividends paid (note 8)	-	(2,270,513)
	<u>10,694,349</u>	<u>(1,430,862)</u>
Net (decrease)/increase in shareholders' funds		
Opening shareholders' funds	635,651	2,066,513
	<u>11,330,000</u>	<u>635,651</u>
Closing shareholders' funds		

## 15 Contingent liabilities

The company is a member of The Engine Group Limited group and participates in the group's banking facility. In connection therewith, each of the members has given unlimited cross-guarantees in respect of a bank facility of up to £42.5 million (2010 - £32.5 million). The directors do not expect any loss to the company to arise in respect of the foregoing guarantees. The bank loan is secured over the assets of the Group.



# Dave Soho Limited

## Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

### 16 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £26,957 (2010 - £36,505).

Contributions amounting to £nil (2010 - £nil) were payable to the scheme and are included in creditors.

### 17 Ultimate parent company

At 31 December 2011, the company was a wholly owned subsidiary of The Engine Group Limited, which is the parent of both the smallest and largest group in which the results of the company are consolidated. The Engine Group Limited is also the ultimate controlling party.

Copies of the consolidated financial statements of The Engine Group Limited are available from their registered office, at 60 Great Portland Street London, W1W 7RT.

### 18 Sale of trade and assets

During the period, the company sold its trade and assets/liabilities. The consideration was at fair value. The consideration was left outstanding on intercompany accounts.

The following table sets out the book values of the identifiable assets and liabilities sold.

	2011 £
Consideration received	11,330,000
<b>Net assets/(liabilities) sold:</b>	
Receivables and accrued income	3,391,794
Cash and equivalents	(71,352)
Payables and deferred income	(2,441,830)
	<u>878,612</u>
<b>Profit on sale</b>	<u><u>10,451,388</u></u>