

**REGISTRAR OF
COMPANIES**

Provenance Communications Limited

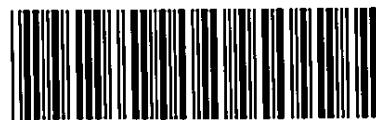
Report and Financial Statements

Year Ended

31 December 2009

Company Number 5629153

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COMPANIES HOUSE

Provenance Communications Limited

**Report and financial statements
for the year ended 31 December 2009**

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Directors

M A S MacLennan
J Boardman

Secretary and registered office

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

Company number

5629153

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EN.

Provenance Communications Limited

Report of the directors for the year ended 31 December 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009.

Results and dividends

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

No interim dividend was paid during the year (2008 - £Nil).

The directors did not recommend the payment of a final dividend (2008 - £Nil).

Principal activities future developments

The principal activity of the company is the provision of luxury public relation services.

Trading review

The company has had a disappointing year of trading providing an operating loss of £180,000 (2008 - £262,000) and loss after taxation of £129,000 (2008 - £332,000).

2008 was the fourth year of trading for the company and after a change in management in the prior the focus has been on establishing new revenue streams within the target market as real opportunities exist therein.

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, 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.

Provenance Communications Limited
Report of the directors
for the year ended 31 December 2009 (*Continued*)

Key Performance Indicators (*Continued*)

The KPI's for the year ended 31 December 2009, with comparatives for the year ended 31 December 2008, are set out below:

	2009	2008
Turnover (£'000)	124	554
Gross profit (£'000)	102	180
Loss before tax (£'000)	(180)	(262)
Loss before tax:Gross profit (%)	(176)	(145)
Staff	2	2
Gross Profit (£'000)/Staff	51	90

The weaker trading results from difficult market conditions.

Financial risk

The directors are aware of the financial trading risks going forward and view the most significant to be the increasing competitive pressure within the UK marketing industry and the changes to client marketing budgets.

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.

Directors

The current directors of the company are:

M A S MacLennan
J Boardman

Provenance Communications Limited
Report of the directors
for the year ended 31 December 2009 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the report of the directors 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 United Kingdom Accounting Standards and applicable law. 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 year

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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.


Provenance Communications Limited
Report of the directors
for the year ended 31 December 2009 (*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 LLP have expressed their willingness to continue in office. An elective resolution has been passed in accordance with Section 487 of the Act, to dispense of the obligation to re-appoint the auditors annually

By order of the Board


J Hewitt
Secretary

Date *18 June 2010*

Provenance Communications Limited

Independent auditor's report

TO THE MEMBERS OF PROVENANCE COMMUNICATIONS LIMITED

We have audited the financial statements of Provenance Communications Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 report 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards required us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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.

Provenance Communications Limited
Independent auditor's report (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

BDO LLP

*Richard Heap (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date 18 June 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Provenance Communications Limited

**Profit and loss account
for the year ended 31 December 2009**

	Note	2009 £'000	2008 £000
Turnover	2	124	554
Cost of sales		22	374
		<hr/>	<hr/>
Gross profit		102	180
Administrative expenses		282	442
		<hr/>	<hr/>
Operating loss	5	(180)	(262)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(180)	(262)
Taxation on loss on ordinary activities	6	51	(70)
		<hr/>	<hr/>
Loss on ordinary activities after taxation	11,12	(129)	(332)
		<hr/>	<hr/>

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.

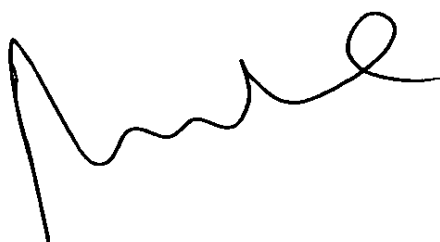
Provenance Communications Limited

**Balance sheet
at 31 December 2009**

<i>Company number 5629153</i>	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Tangible assets	7		10		13
Current assets					
Debtors	8	160		41	
		<u>160</u>		<u>41</u>	
Creditors: amounts falling due within one year	9	871		626	
		<u>871</u>		<u>626</u>	
Net current liabilities			(711)		(585)
			<u>(711)</u>		<u>(585)</u>
Net Liabilities			(701)		(572)
			<u>(701)</u>		<u>(572)</u>
Capital and reserves					
Called up share capital	10		-		-
Profit and loss account	11		(701)		(572)
			<u>(701)</u>		<u>(572)</u>
Shareholders' deficit	12		(701)		(572)
			<u>(701)</u>		<u>(572)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18/6/10

M A S MacLennan
Director



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

Provenance Communications Limited

**Cash flow Statement
as at 31 December 2009**

	Note	2009	2008
Net cash inflow from operating activities	13	-	-
		<hr/>	<hr/>
Movement in cash		-	-
		<hr/>	<hr/>

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

Provenance Communications Limited
Notes forming part of the financial statements
for the year ended 31 December 2009

1 Accounting policies

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

The company's parent, M&C Saatchi (UK) Limited, has undertaken to continue to provide such financial support as the company requires for its continued operations for a period of not less than one year from the balance sheet date.

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.

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%

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 year 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.

Provenance Communications Limited
Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

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

2 Turnover

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

3 Employees

	2009 £'000	2008 £'000
Staff costs for all employees including directors, consist of:		
Wages and salaries	143	247
Social security costs	17	19
Other pension costs	-	5
	<hr/> 160	<hr/> 271
	<hr/>	<hr/>
	Number	Number
The average monthly number of employees during the year including executive directors, was as follows:		
	<hr/> 2	<hr/> 2
	<hr/>	<hr/>

Provenance Communications Limited
Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

4 Directors' remuneration

	2009 £'000	2008 £'000
Emoluments for management services	-	151
Pension contributions	-	5
	<hr/>	<hr/>

Remuneration of highest paid director:

Emoluments for management services	-	151
Pension contributions	-	5
	<hr/>	<hr/>

No director (2008 – one) is accruing benefits under the company pension scheme.

5 Operating loss

	2009 £'000	2008 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	3	4
Auditors' remuneration	1	1
	<hr/>	<hr/>

6 Taxation on loss from ordinary activities

	2009 £'000	2008 £'000
<i>Current tax</i>		
UK corporation tax on loss of the year	(51)	-
<i>Deferred tax</i>		
Recognised losses carried forward	-	(29)
Prior year losses released to the profit and loss account	-	99
	<hr/>	<hr/>
Taxation on loss from ordinary activities	(51)	70
	<hr/>	<hr/>

A deferred tax asset of £212,000 (2008 - £161,000) in respect of losses has not been recognised as there is no certainty, at the balance sheet date, of future profits to utilise them.

Provenance Communications Limited
Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

6 Taxation on loss 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:

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	180	262
Loss on ordinary activities at the standard rate of UK corporation tax of 28.0% (2008 - 28.5%)	51	74
Effects of:		
Tax losses utilised in the year	-	(29)
Tax losses not utilised in the year	-	(45)
Tax credit for the year	51	-

7 Tangible assets

	Computer equipment £'000	Furniture, fittings and other equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2009	11	13	24
Additions	-	-	-
At 31 December 2009	11	13	24
<i>Depreciation</i>			
At 1 January 2009	8	3	11
Provision for the year	2	1	3
At 31 December 2009	10	4	14
<i>Net book value</i>			
At 31 December 2009	1	9	10
At 31 December 2008	3	10	13

Provenance Communications Limited
Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

8 Debtors

	2009 £'000	2008 £'000
Trade debtors	52	-
Corporation tax	80	29
Prepayments and accrued income	28	12
	<u>160</u>	<u>41</u>

9 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	8	-
Amounts owed to group companies	848	626
Accruals and advanced billings	15	-
	<u>871</u>	<u>626</u>

10 Share capital

	Allotted, called up and fully paid	
	2009 Number	2008 Number
'A' ordinary shares of £1 each	65	65
'B' ordinary shares of £1 each	35	35
	<u>100</u>	<u>100</u>
	£	£
'A' ordinary shares of £1 each	65	65
'B' ordinary shares of £1 each	35	35
	<u>100</u>	<u>100</u>

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

Provenance Communications Limited
Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

11 Profit and loss account	£'000	
At 1 January 2009	(572)	
Loss for the year	(129)	
	<hr/>	
At 31 December 2009	(701)	
	<hr/>	
12 Reconciliation of movements in shareholders' deficit	2009 £'000	2008 £'000
Loss for the year and net decrease to shareholder deficit	(129)	(332)
Opening shareholders' deficit	(572)	(240)
	<hr/>	<hr/>
Closing shareholders' deficit	(701)	(572)
	<hr/>	<hr/>
13 Related party transactions		
The company paid £30,240 (2008 - £63,732) to its immediate parent company as its share of group overhead costs for the year. At the year end the amount owed was £Nil (2008 - £Nil)		
14 Reconciliation of operating loss to net cash inflow from operating activities	2009 £'000	2008 £'000
Operating loss	(180)	(262)
Depreciation	3	4
(Increase)/decrease in debtors	(68)	111
Decrease in work in progress	-	43
Increase in creditors	245	104
	<hr/>	<hr/>
Net cash inflow from operating activities	-	-

Provenance Communications Limited
Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

15 Immediate and ultimate parent company

At 31 December 2009, the company's immediate parent company was M&C Saatchi (UK) Limited. The ultimate parent company and controlling party was M&C Saatchi plc.

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