

Registered number: 03306364

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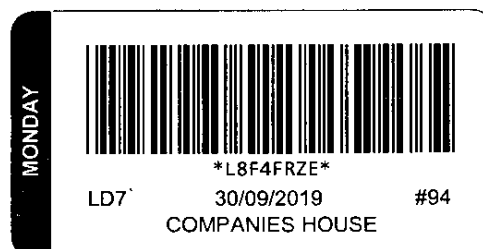
**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**UNAUDITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D Kershaw MAS MacLennan S Martin J Wynne-Morgan J Hewitt (resigned 29 March 2019) J Fullagar R Barker M Kalifa (appointed 29 March 2019)
<b>Company secretary</b>	M Kalifa
<b>Registered number</b>	03306364
<b>Registered office</b>	36 Golden Square London W1F 9EE

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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## M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Introduction

The directors present their report together with the unaudited financial statements for the year ended 31 December 2018.

#### 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 new client wins such as Clinique, Oakley and Smartwater generating a 17% 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 31% (2017 – 36%) 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) - £23,870 (2017 - £13,933)

Revenue (£000's) - £7,386 (2017 - £6,314)

PBT (£000's) - £1,557 (2017 - £1,263)

PBT: Revenue (%) - 21% (2017 - 20%)

#### Other key performance indicators

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

Staff - 66 (2017 - 57)

Revenue (£000's)/Staff - 112 (2017 - 111)

This report was approved by the board on 8 July 2019 and signed on its behalf.

**M Kalifa**  
Director



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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,111,000 (2017 - £1,003,000).

An interim dividend of £1,030,000 (2017 - £950,000) 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 (resigned 29 March 2019)  
J Fullagar  
R Barker

**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 8 July 2019 and signed on its behalf.

**M Kalifa**  
Director



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## **M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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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.

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
Turnover	4	<b>23,911</b>	13,933
Cost of sales		<b>(16,525)</b>	(7,619)
<b>Gross profit</b>		<b>7,386</b>	6,314
Administrative expenses		<b>(5,963)</b>	(5,051)
<b>Operating profit</b>	5	<b>1,423</b>	1,263
Tax on profit	8	<b>(312)</b>	(260)
<b>Profit for the financial year</b>		<b>1,111</b>	1,003

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 10 to 22 form part of these financial statements.

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
Profit for the financial year		<b>1,111</b>	<b>1,003</b>
<hr/>			
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
<i>Other comprehensive income 1</i>		<b>134</b>	<b>22</b>
		<hr/>	<hr/>
		<b>134</b>	<b>22</b>
<b>Total comprehensive income for the year</b>		<hr/> <b>1,245</b> <hr/>	<hr/> <b>1,025</b> <hr/>

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 10 to 22 form part of these financial statements.



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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Tangible assets	10	139	142
		<u>139</u>	<u>142</u>
<b>Current assets</b>			
Debtors	11	5,205	4,704
Cash at bank and in hand	12	977	454
		<u>6,182</u>	<u>5,158</u>
Creditors: amounts falling due within one year	13	(4,752)	(3,743)
<b>Net current assets</b>		<u>1,430</u>	<u>1,415</u>
<b>Total assets less current liabilities</b>		<u>1,569</u>	<u>1,557</u>
Creditors: amounts falling due after more than one year	14	-	(203)
		<u>1,569</u>	<u>1,354</u>
<b>Net assets excluding pension asset</b>		<u>1,569</u>	<u>1,354</u>
<b>Net assets</b>		<u>1,569</u>	<u>1,354</u>

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

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

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	Note	2018 £000	2017 £000
<b>Capital and reserves</b>			
Called up share capital	16	540	540
Other reserves		156	22
Profit and loss account		873	792
		<u>1,569</u>	<u>1,354</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 8 July 2019.



**M Kalifa**  
Director

The notes on pages 10 to 22 form part of these financial statements.

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>Called up share capital</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2018	540	22	792	1,354
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,111	1,111
Other movement type 1	-	134	-	134
<b>Total comprehensive income for the year</b>	-	134	1,111	1,245
Dividends: Equity capital	-	-	(1,030)	(1,030)
<b>Total transactions with owners</b>	-	-	(1,030)	(1,030)
<b>At 31 December 2018</b>	<b>540</b>	<b>156</b>	<b>873</b>	<b>1,569</b>

The notes on pages 10 to 22 form part of these financial statements.

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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

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

The notes on pages 10 to 22 form part of these financial statements.

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## M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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## **M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **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 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.

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## M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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## 2. Accounting policies (continued)

### 2.5 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.

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## M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.6 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.

##### 2.7 Taxation

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.

##### 2.8 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.



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## M&C SAATCHI SPORT & ENTERTAINMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.8 Tangible fixed assets (continued)

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	-	10%
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.

##### 2.9 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.

##### 2.10 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.

##### 2.11 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.

##### 2.12 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.

#### 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.

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**4. Turnover**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Sponsorship services	<b>23,911</b>	<b>13,933</b>
	<b>23,911</b>	<b>13,933</b>

All turnover arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	<b>50</b>	<b>35</b>
Exchange differences	<b>(15)</b>	<b>12</b>
Defined contribution pension cost	<b>117</b>	<b>98</b>

**6. Employees**

Staff costs were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>4,134</b>	<b>3,377</b>
Social security costs	<b>388</b>	<b>340</b>
Cost of defined contribution scheme	<b>117</b>	<b>98</b>
	<b>4,639</b>	<b>3,815</b>

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

<b>2018</b>	<b>2017</b>
<b>No.</b>	<b>No.</b>
<b>66</b>	<b>57</b>

**7. Directors' remuneration**

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**8. Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>312</b>	250
Adjustments in respect of previous periods	-	7
	<u><b>312</b></u>	<u>257</u>
<b>Total current tax</b>	<u><b>312</b></u>	<u>257</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	3
<b>Total deferred tax</b>	<u>-</u>	<u>3</u>
<b>Taxation on profit on ordinary activities</b>	<u><b>312</b></u>	<u>260</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below.

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<u><b>1,423</b></u>	<u>1,263</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	<b>270</b>	243
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>42</b>	7
Adjustments to tax charge in respect of prior periods	-	7
Other differences leading to an increase (decrease) in the tax charge	-	3
<b>Total tax charge for the year</b>	<u><b>312</b></u>	<u>260</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**9. Dividends**

	<b>2018 £000</b>	<b>2017 £000</b>
Interim dividend paid £6.89 (2017 - £9.50) per share	<b>775</b>	<b>707</b>
Interim dividend paid £nil (2017 - £9.50) per share	<b>-</b>	<b>243</b>
Interim dividend paid £6.89 (2017 - £nil) per share	<b>255</b>	<b>-</b>
	<b><u>1,030</u></b>	<b><u>950</u></b>

**10. Tangible fixed assets**

	<b>Long-term leasehold property £000</b>	<b>Office equipment £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 January 2018	<b>51</b>	<b>166</b>	<b>62</b>	<b>279</b>
Additions	<b>-</b>	<b>3</b>	<b>44</b>	<b>47</b>
At 31 December 2018	<b><u>51</u></b>	<b><u>169</u></b>	<b><u>106</u></b>	<b><u>326</u></b>
<b>Depreciation</b>				
At 1 January 2018	<b>4</b>	<b>72</b>	<b>61</b>	<b>137</b>
Charge for the year on owned assets	<b>8</b>	<b>11</b>	<b>31</b>	<b>50</b>
At 31 December 2018	<b><u>12</u></b>	<b><u>83</u></b>	<b><u>92</u></b>	<b><u>187</u></b>
<b>Net book value</b>				
At 31 December 2018	<b><u>39</u></b>	<b><u>86</u></b>	<b><u>14</u></b>	<b><u>139</u></b>
At 31 December 2017	<b><u>47</u></b>	<b><u>94</u></b>	<b><u>1</u></b>	<b><u>142</u></b>

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**10. Tangible fixed assets (continued)**

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

	<b>2018 £000</b>	<b>2017 £000</b>
Long leasehold	<b>38</b>	<b>46</b>
	<b>38</b>	<b>46</b>

**11. Debtors**

	<b>2018 £000</b>	<b>2017 £000</b>
Trade debtors	<b>1,845</b>	<b>2,778</b>
Amounts owed by group undertakings	<b>2,736</b>	<b>1,337</b>
Other debtors	<b>595</b>	<b>549</b>
Prepayments and accrued income	<b>29</b>	<b>40</b>
	<b>5,205</b>	<b>4,704</b>

**12. Cash and cash equivalents**

	<b>2018 £000</b>	<b>2017 £000</b>
Cash at bank and in hand	<b>977</b>	<b>454</b>
	<b>977</b>	<b>454</b>

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**M&C SAATCHI SPORT & ENTERTAINMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Creditors: Amounts falling due within one year**

	2018 £000	2017 £000
Trade creditors	520	356
Corporation tax	318	249
Other creditors	3,018	14
Accruals and deferred income	896	3,124
	<u>4,752</u>	<u>3,743</u>

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

	2018 £000	2017 £000
Amounts owed to associates	-	203
	<u>-</u>	<u>203</u>

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

**15. Financial instruments**

	2018 £000	2017 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>6,158</u>	<u>5,118</u>
<b>Financial liabilities</b>		
Other financial liabilities measured at fair value through profit or loss	<u>(3,926)</u>	<u>(2,970)</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and Trade debtors as at the balance sheet date.

Other financial liabilities measured at fair value through profit or loss comprise of Trade payables.

**16. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		

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**16. Share capital (continued)**

112,500 (2017 - 112,500) 'A' Ordinary shares of £0.01 each shares of £0.01 each	<b>1,125</b>	<b>1,125</b>
37,500 (2017 - ) 'C' Ordinary shares of £0.01 each shares of £0.01 each	<b>375</b>	<b>-</b>
Enter number (2017 - ) shares of £- each	<b>-</b>	<b>375</b>
	<hr/>	<hr/>
	<b>1,500</b>	<b>1,500</b>
	<hr/>	<hr/>
37,500 (2017 - 37,500) 'C' Ordinary shares of £0.01 each shares of £0.01 each	<b>538,751</b>	<b>538,751</b>
	<hr/>	<hr/>

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 2018, the valuation of the shares resulted in a £134,000 charge to the profit and loss account and a balance in other reserves. (2017 - £22,000)

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**17. Share based payments**

As at 31 December 2018, the valuation of the shares resulted in a £134,000 (2017 - £22,000) charge to the profit and loss account and a balance in other reserves.

	<b>Weighted average exercise price (pence) 2018</b>	<b>Number 2018</b>
Outstanding at the beginning of the year	3.34	200,000
Granted during the year		-
<b>Outstanding at the end of the year</b>	<b>3.34</b>	<b>200,000</b>
		<b>2018</b>
Option pricing model used		<b>Monte Carlo</b>
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%
		<b>2018</b>
		<b>£000</b>
Equity-settled schemes		156
		<b>156</b>

**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 £38.0m (2017 - £40.0m) plus a one year £10.0m (2017 - £0.3m) overdraft facility. On 29 November 2017, it was agreed that this facility would only reduce to £36.0m on 31 December 2019 (2017: £38.0m - reduces by £2.0m annually). This facility matures on 30 April 2020. The amount of the loan drawn down at 31 December 2018 is £38.5m (2017 - £37.7m). The overdraft facility is undrawn.



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**19. 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.