

**Talk PR Limited**

Report and Financial Statements

Year Ended

31 December 2014

Company Number 04239240

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# **Talk PR Limited**

## **Report and financial statements for the year ended 31 December 2014**

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### **Directors**

J Boardman  
D Kershaw  
J Hewitt  
R Woor  
T Hughes

### **Secretary and registered office**

J Hewitt, 3 – 5 Rathbone Place, London, W1T 1HJ

### **Company number**

04239240

### **Auditor**

KPMG 15 Canada Square, London E14 5GL

## Talk PR Limited

### Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

#### Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year.

An interim dividend of £440,000 (2013 - £244,000) was paid during the year.  
The directors do not recommend the payment of a final dividend (2013 - £Nil).

#### Principal activities

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

#### Trading review

The company has had a successful year of trading achieving a revenue of £4,214,000 (2013 - £4,205,000) and profit after taxation of £519,000 (2013 - £440,000).

#### Key Performance Indicators

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPI's).

The key financial performance indicators are billings, revenue, profit before tax (PBT) and PBT: Revenue.

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

The KPI's for the year ended 31 December 2014, with comparatives for the year ended 31 December 2013, are set out below:

	2014	2013
Billings (£'000)	6,726	6,863
Revenue (£'000)	4,214	4,205
PBT (£'000)	646	583
PBT: Revenue (%)	16	14
Staff	53	46
Revenue (£'000)/Staff	80	91

#### Charitable and political contributions

The company made donations of £100 (2013 - £10,200) during the year, of which £Nil was political (2013- £Nil).

**Talk PR Limited**  
**Report of the directors**  
**for the year ended 31 December 2014**

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**Future developments**

The company is expected to grow throughout 2015. Competitive pressures in the UK public relations industry remain strong, with significant changes to the allocation of clients' communication budgets.

**Business risk**

The principal risk faced by the company is the loss of clients. Our top five clients account for 79% of revenue (2013 - 82%) and the top 10 for 88% (2013 - 92%). However, this profile is not out of line with our competitors, and we continue to attract new clients on the basis of our work, the quality of our thinking and the services offered by the company.

Other less material risks the company faces are loss of key staff and any legal changes that affect our trading structure.

**Financial risk**

The main financial risk faced by the company is credit risk. It is the company's policy to assess the credit risk of new clients before entering into contracts. The company controls credit risk by setting credit limits and following established credit control policies.

The average debtor days for the company were 68 days (2013 - 62 days).

**Post balance sheet events**

There have been no post balance sheet events which materially affect the position of the company.

**Directors**

The directors of the company during the year were:

J Boardman  
D Kershaw  
J Hewitt  
R Woor  
T Hughes

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

**Talk PR Limited**  
**Report of the directors**  
**for the year ended 31 December 2014**

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**Related party transactions**

The company paid £27,813 (2013 - £46,286) to its immediate parent company as its share of group overhead costs for the year and at the year end the amount owed was £36,261 (2013 - £35,597).

Private Office Communications LLP and Talk PR Limited share common members and directors respectively. There were £0 sales to Private Office Communications LLP during the year (2013 - £20,400) and there were purchases of £0 to Private Office Communications LLP during the year (2013 - £3,720) and there was no monies owed at year end (2013 - £nil).

## Talk PR Limited

### Report of the directors for the year ended 31 December 2014 (*Continued*)

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#### Directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

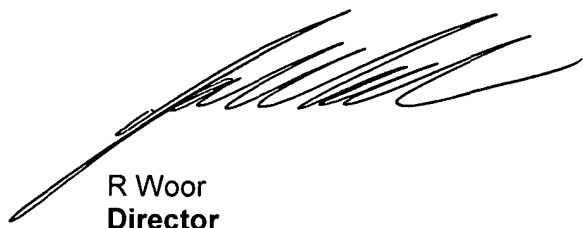
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

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

On behalf of the Board on



R Woor  
Director

## **Independent auditor report**

**For the year ended 31 December 2014**

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### **TO THE MEMBERS OF TALK PR LIMITED**

We have audited the financial statements of Talk PR Limited for the year ended 31 December 2014 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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 report (Continued)**

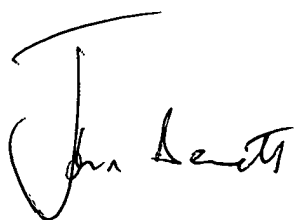
**For the year ended 31 December 2014**

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### **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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

15<sup>th</sup> June 2015



**Talk PR Limited**

**Profit and loss account  
for the year ended 31 December 2014**

	Note	2014 £'000	2013 £'000
<b>Billings</b>	2	6,726	6,863
<b>Revenue</b>		4,214	4,205
Administrative expenses		(3,568)	(3,622)
<b>Operating profit</b>	5	646	583
Interest payable		-	-
<b>Profit on ordinary activities before taxation</b>		646	583
Taxation on profit on ordinary activities	6	(127)	(143)
<b>Profit on ordinary activities after taxation</b>	15,16	519	440

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 20 form part of these financial statements.

**Talk PR Limited**  
**Balance sheet**  
**at 31 December 2014**

<b>Company number</b> <b>4239240</b>	<b>Note</b>	<b>2014</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
<b>Intangible assets</b>					
Investments	8		55		55
<b>Fixed assets</b>					
Tangible assets	9		79		105
<b>Current assets</b>					
Debtors	10	1,588		1,568	
Cash at bank		271		337	
		<hr/>		<hr/>	
		1,859		1,905	
<b>Creditors: amounts falling due within one year</b>	12	(1,407)		(1,549)	
		<hr/>		<hr/>	
<b>Net current assets</b>			452		356
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			586		516
<b>Creditors due after more than one year</b>	13		0		(9)
			<hr/>		<hr/>
<b>Net assets</b>			586		507
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14		1		1
Profit and loss account	15		585		506
			<hr/>		<hr/>
<b>Shareholders' funds</b>	16		586		507
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 15 June 2015.

R Woor  
**Director**

The notes on pages 10 to 20 form part of these financial statements

**Talk PR Limited**  
**Cash flow Statement**  
**as at 31 December 2014**

	Note	2014 £'000	2013 £'000
<b>Net cash inflow from operating activities</b>	<b>17</b>	535	287
<b>Taxation</b>			
UK corporation tax paid		(147)	(139)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	9	(14)	(20)
Purchase of investments	9	-	-
<b>Dividends paid</b>	<b>7</b>	(440)	(244)
		<hr/>	<hr/>
<b>Movement in cash</b>		(66)	(116)
		<hr/>	<hr/>

The notes on pages 10 to 20 form part of these financial statements

## Talk PR Limited

### Notes forming part of the financial statements for the year ended 31 December 2014

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#### 1 Accounting policies

##### *Basis of preparation*

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

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

##### *Going concern*

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.

##### *Billings and revenue*

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

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

##### *Intangible assets*

Goodwill and other intangible assets are reviewed annually for impairment or more frequently if events or circumstances indicate that the assets may be impaired.

#### *Tangible 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:

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

#### *Foreign currency*

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

## Talk PR Limited

### Notes forming part of the financial statements for the year ended 31 December 2014 *(Continued)*

#### 1 Accounting policies *(continued)*

##### *Taxation*

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

##### *Dividends on shares presented within shareholders' funds*

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

In addition the company's immediate and ultimate parent company, M&C Saatchi Plc, has indicated that for at least 12 months from the date of approval of these financial statements it will continue to make such funds available as are needed by the company to continue in operational existence, and meet its liabilities as they fall due.

#### 2 Billings

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

#### 3 Employees

	2014 £'000	2013 £'000
Staff costs for all employees including directors, consist of:		
Wages and salaries	2,467	2,361
Social security costs	258	263
Other pension costs	57	52
	<u>2,782</u>	<u>2,676</u>
	<u>Number</u>	<u>Number</u>
The average monthly number of employees during the year including executive directors, was as follows:	53	46
	<u>          </u>	<u>          </u>

**Talk PR Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2014 (Continued)**

**4 Directors' remuneration**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Emoluments for management services	458	508
Pension contributions	27	26
<b>Total</b>	<u>485</u>	<u>534</u>
<b>Remuneration of highest paid director:</b>		
Emoluments for management services	242	255
Pension contribution	14	13
<b>Total</b>	<u>256</u>	<u>268</u>

Three directors (2013 – three) accrued benefits under the company pension scheme.

**5 Operating profit**

	<b>2014 £'000</b>	<b>2013 £'000</b>
This is arrived at after charging:		
Depreciation of tangible fixed assets	40	50
Audit of these financial statements	12	12

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

**Talk PR Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2014 (Continued)**

**6 Taxation on profit on ordinary activities**

	<b>2014 £'000</b>	<b>2013 £'000</b>
<i>Current tax</i>		
UK corporation tax on ordinary activities	149	137
Adjustments to prior years	18	6
	<hr/>	<hr/>
<i>Current tax charge</i>	167	143
	<hr/>	<hr/>
Deferred tax – Adjustment to Other	(40)	0
	<hr/>	<hr/>
Taxation on profit for the year	127	143
	<hr/>	<hr/>

The tax charge for the period differs from that obtained by using the standard rate of UK corporation tax. The differences are explained below:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Profit before taxation	646	583
	<hr/>	<hr/>
Profit on activities at the standard rate of UK corporation tax of 21.5% (2013 – 23.25%)	149	136
Effects of:		
Expenses not deductible for tax purposes	0	1
Adjustments to prior years	18	6
	<hr/>	<hr/>
Current tax charge for year	167	143
	<hr/>	<hr/>



**Talk PR Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2014 (Continued)**

**7 Dividends**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Ordinary interim dividend paid £440.00 per share (2013 - £244.00)	440	244
	<u>          </u>	<u>          </u>

**8 Investments in subsidiaries**

	<b>Talk Tech Limited £'000</b>	<b>Total £'000</b>
<i>Cost</i>		
As at 1 January 2014	55	55
Additions in the year	-	-
	<u>          </u>	<u>          </u>
As at 31 December 2014	55	55
	<u>          </u>	<u>          </u>

On 1 January 2012, the company acquired a 80% interest in Talk Tech Limited.

On 31 March 2013, the 20% minority shareholding in the subsidiary company Talk Tech Limited, was transferred over to the company at no cost, following the resignation of minority shareholder, Jane Leah.

**Talk PR Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2014 (Continued)**

**9. Tangible assets**

	Leasehold £'000	Furniture, fittings and other equipment £'000	Computer Equipment £'000	Total £'000
<i>Cost</i>				
At 1 January 2014	93	91	70	254
Additions		12	2	14
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	93	103	72	268
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2014	29	61	59	149
Provision for the year	10	24	6	40
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	39	85	65	189
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2014	54	18	7	79
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	64	30	11	105
	<hr/>	<hr/>	<hr/>	<hr/>

**10 Debtors**

	2014 £'000	2013 £'000
Trade debtors	1,245	1,195
Other debtors	0	0
Deferred tax asset (note 11)	47	7
Prepayments and accrued income	296	366
	<hr/>	<hr/>
	1,588	1,568
	<hr/>	<hr/>

All amounts fall due for payment within one year.

**Talk PR Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2014 (Continued)**

**11 Deferred taxation**

The movement in the deferred tax asset during the year was:

	<b>2014 £'000</b>	<b>2013 £'000</b>
At 1 January	7	5
	<hr/>	<hr/>
At 31 December	40	7
	<hr/>	<hr/>
Accelerated capital allowances	-	-
Other movements	47	7
	<hr/>	<hr/>
	47	7
	<hr/> <hr/>	<hr/> <hr/>

**12 Creditors: amounts falling due within one year**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Trade creditors	337	187
Amounts due to parent company	104	36
Social security and other taxation	71	129
Corporation tax	48	67
Other creditors	98	139
Accruals and advanced billings	749	991
	<hr/>	<hr/>
	1,407	1,549
	<hr/> <hr/>	<hr/> <hr/>

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

**Talk PR Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2014 (Continued)**

**13 Creditors due after more than one year**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Accruals	0	9
	<u>0</u>	<u>9</u>

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

**14 Share capital**

	<b>Allotted, called up and fully paid</b>	
	<b>2014 Number</b>	<b>2013 Number</b>
'A' ordinary shares of £1 each	510	510
'B' ordinary shares of £1 each	490	490
	<u>1,000</u>	<u>1,000</u>

The 'A' and 'B' ordinary shares rank pari passu each carries a right to one vote and to a dividend.

**15 Profit and loss account**

	<b>£'000</b>
At 1 January 2014	506
Profit for the year	519
Dividends	(440)
	<u>585</u>
At 31 December 2014	<u>585</u>

**Talk PR Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2014 (Continued)**

**16 Reconciliation of movements in shareholders' funds**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Profit after tax	519	440
Dividends	(440)	(244)
	<u>          </u>	<u>          </u>
Net movement in shareholders' funds	79	196
Opening shareholders' funds	507	311
	<u>          </u>	<u>          </u>
Closing shareholders' funds	586	507
	<u>          </u>	<u>          </u>

**17 Reconciliation of operating profit  
to net cash inflow from operating activities**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Operating profit	646	583
Depreciation	40	50
(Increase)/ decrease in debtors	20	(270)
(Decrease)/ increase in creditors	(123)	(103)
Increase / (decrease) in provisions	(9)	(23)
Write off of Goodwill	0	50
Movement in intercompany creditor due to tax transfer	(39)	0
	<u>          </u>	<u>          </u>
Net cash inflow from operating activities	535	287
	<u>          </u>	<u>          </u>

**18 Related party transactions**

- (i) The company paid £27,813 (2013 - £46,286) to its immediate parent company, M&C Saatchi (UK) Limited as its share of group overhead costs for the year and at the year end the amount owed was £36,261 (2013 - £35,597).
- (ii) Private Office Communications LLP and Talk PR Limited share common members and directors respectively. There were £0 of sales to Private Office Communications LLP during the year (2013 - £20,400) and purchases of £0, there were no monies owed at year end (2013 - £3,720).

## **Talk PR Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2014 (*Continued*)**

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#### **19 Immediate and ultimate parent company**

The immediate and 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.

#### **20 Contingent liabilities**

The company is a guarantor of, and its assets are security for a bank loan held by M&C Saatchi plc. The loan has a banking facility of up to £30.0m (2013: £14.5m) plus a one year £0.3m (2013: £0.3m) overdraft facility. This facility matures on 30 April 2017. The amount of the loan drawn down at 31 December 2014 is £0.3m (2013: £0.3m). The overdraft facility is undrawn.