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**SHINE:M LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2007**

Company no 04279589

# **SHINE:M LIMITED**

## **FINANCIAL STATEMENTS**

**For the year ended 31 DECEMBER 2007**

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Company registration number	04279589
Registered office	Newcombe House 43-45 Notting hill Gate London W11 3LQ
Directors	Elisabeth Murdoch Lord Waheed Alli Eric Salama
Secretary	Dan O'Brien
Bankers	Barclays Bank plc Barclays Media Banking Centre 27 Soho Square London W1A 4WA
Solicitors	Olswang 90 High Holborn London WC1V 6XX
Auditors	Deloitte & Touche LLP Chartered Accountants London

# **SHINE:M LIMITED**

## **FINANCIAL STATEMENTS**

**For the year ended 31 DECEMBER 2007**

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# **SHINE:M LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors present their report together with the audited financial statements for the year ended 31 December 2007. The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

### **Principal activity**

The company is principally engaged in content brand creation.

### **Business review**

There was a loss for the year after taxation amounting to £29 (2006: £355). The directors do not recommend the payment of a dividend (2006: £nil).

The company did not receive any income during the year due to difficult market conditions. The company still retains intellectual property for future exploitation and the directors are seeking new opportunities.

### **Directors**

The present membership of the Board is set out below:

Elisabeth Murdoch  
Lord Waheed Alli  
Eric Salama

No director had any direct interest in the shares of the company. The interest of the directors who are also directors of Shine Limited and WPP Group (UK) Limited are shown in the relevant companies accounts.

### **Directors' responsibilities for the financial statements**

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed
- 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## SHINE:M LIMITED

### REPORT OF THE DIRECTORS

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#### Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Grant Thornton UK LLP do not intend to offer themselves for reappointment as auditors. Special notice pursuant to sections 379 and 391A of the Companies Act 1985 having been given, a resolution to appoint Deloitte & Touche LLP as auditors in accordance with section 385 will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD



Dan O'Brien  
Secretary

23 June 2008

## **Independent auditors' report to the members of Shine: M Limited**

We have audited the company financial statements of Shine M Limited for the period ended 31 December 2007 which comprise the profit and loss account, the cash flow statement, the balance sheet, principal accounting policies and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you, whether in our opinion, the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

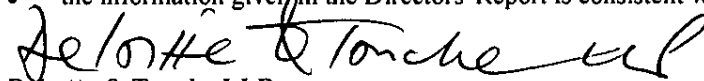
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

### In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of the company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

1 July 2008

**BASIS OF PREPARATION**

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

The principal accounting policies of the company are set out below. They have been applied consistently throughout the year and have remained unchanged from the prior year.

**TURNOVER**

Turnover and related costs from contracts are recognised over the period of the relevant contract.

**TAXATION**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.



**SHINE:M LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 DECEMBER 2007

	Note	2007 £	2006 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(29)	(29)
<b>Operating loss</b>		<b>(29)</b>	<b>(29)</b>
Net interest	1	-	(326)
<b>Loss on ordinary activities before taxation</b>		<b>(29)</b>	<b>(355)</b>
Tax on loss on ordinary activities	2	-	-
<b>Loss retained and transferred to reserves</b>	8	<b>(29)</b>	<b>(355)</b>

All transactions arise from continuing operations

There were no recognised gains or losses other than the loss for the financial year

**CASH FLOW STATEMENT**

For the year ended 31 DECEMBER 2007

	2007 £	2006 £
Operating loss	(29)	(29)
Decrease in creditors	-	(1,902)
Net cash outflow from operating activities	(29)	(1,931)
Returns on investments and servicing of finance – net cash outflow	-	(326)
Decrease in cash in the year	(29)	(2,257)

The accompanying accounting policies and notes form an integral part of these financial statements

**SHINE:M LIMITED****BALANCE SHEET AT 31 DECEMBER 2007**

	Note	2007 £	2006 £
<b>Current assets</b>			
Debtors	3	757	757
Cash at bank and in hand		<u>2,954</u>	<u>2,983</u>
		<u>3,711</u>	<u>3,740</u>
<b>Creditors: amounts falling due within one year</b>	4	<u>(105,803)</u>	<u>(105,803)</u>
<b>Net current liabilities</b>		<u>(102,092)</u>	<u>(102,063)</u>
<b>Creditors: amount falling due after more than one year</b>	5	<u>(1,525,000)</u>	<u>(1,525,000)</u>
<b>Total assets less current liabilities</b>		<u>(1,627,092)</u>	<u>(1,627,063)</u>
<b>Capital and reserves</b>			
Called up share capital	7	100	100
Profit and loss account	8	<u>(1,627,192)</u>	<u>(1,627,163)</u>
<b>Shareholders' deficit</b>	9	<u>(1,627,092)</u>	<u>(1,627,063)</u>

The financial statements were approved by the Board of Directors on 23 June 2008



Dan O'Brien - Director

The accompanying accounting policies and notes form an integral part of these financial statements

**SHINE:M LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2007****1 NET INTEREST**

	2007 £	2006 £
Other interest payable and similar charges	-	326
Other interest receivable and similar income	-	-
	<u>-</u>	<u>326</u>

**2 TAX ON LOSS ON ORDINARY ACTIVITIES**

	2007 £	2006 £
The tax charge represents		
United Kingdom corporation tax	<u>-</u>	<u>-</u>
Reconciliation of the amount for the year		
Loss on ordinary activities before tax	<u>(29)</u>	<u>(355)</u>
Tax credit on loss on ordinary activities at the standard UK corporation tax Rate of 30%	(9)	(107)
Effects of		
Tax losses generated in the year and not utilised	64	180
Depreciation in excess of Capital Allowances	<u>(55)</u>	<u>(73)</u>
	<u>-</u>	<u>-</u>

The company has tax losses brought forward at 1 January 2007 of £1,618,501 and carried forward at 31 December 2007 of £1,618,714

**3 DEBTORS**

	2007 £	2006 £
Other debtors	<u>757</u>	<u>757</u>

**4 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Amounts owed to related party undertakings	105,448	105,448
Accruals and deferred income	<u>355</u>	<u>355</u>
	<u>105,803</u>	<u>105,803</u>

**SHINE:M LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2007****5 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2007 £	2006 £
Amounts owed to related party undertakings	<u>1,525,000</u>	<u>1,525,000</u>

Interest of £ nil (2005 £nil) was charged on the loan. The loan to WPP is only repayable out of future profits. No interest charges are currently being accrued on the loan.

**6 DEFERRED TAXATION**

A deferred tax asset of £485,664 (2005 £485,644) has not been recognised in accordance with Financial Reporting Standard No 19.

**7 SHARE CAPITAL**

	2007 £	2006 £
Authorised		
500 'A' ordinary £1 shares	500	500
500 'B' ordinary £1 shares	<u>500</u>	<u>500</u>
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
50 'A' ordinary £1 shares	50	50
50 'B' ordinary £1 shares	<u>50</u>	<u>50</u>
	<u>100</u>	<u>100</u>

**8 RESERVES**

	Profit and loss account £
At 1 January 2007	(1,627,163)
Retained loss for the year	<u>(29)</u>
At 31 December 2007	<u>(1,627,192)</u>

**9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	2007 £	2006 £
Loss for the financial year	(29)	(355)
Shareholders' funds at 1 January	<u>(1,627,063)</u>	<u>(1,626,708)</u>
Shareholders' funds at 31 December	<u>(1,627,192)</u>	<u>(1,627,063)</u>

# **SHINE:M LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

### **10 CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 2007 or 31 December 2006

### **11 CONTINGENT ASSETS/LIABILITIES**

There were no contingent liabilities at 31 December 2007 or 31 December 2006

### **12 TRANSACTIONS WITH RELATED PARTIES**

There was a loan of £1,525,000 outstanding from WPP at the year end (2005 £1,525,000) Interest of £ nil (2006 £nil) on the loan was incurred during the year At the year end £105,448 (2006 £105,448) was payable to WPP shown within creditors due within one year

### **13 CONTROLLING RELATED PARTY**

The company's shares are owned in equal proportions by Shine Limited and WPP Group (UK) Limited The immediate and ultimate parent company is Shine Limited, a company incorporated in Great Britain and registered in England and Wales Shine Limited is the largest and smallest group for which consolidated accounts are prepared Copies of the consolidated accounts of Shine Limited can be obtained from Companies House