
SAATCHINVEST LIMITED

UNAUDITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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SAATCHINVEST LIMITED

COMPANY INFORMATION

Directors	Andrew Blackstone Mickey Kalifa
Company secretary	Andrew Blackstone
Registered number	7498729
Registered office	34-36 Golden Square London W1F 9EE

SAATCHINVEST LIMITED

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SAATCHINVEST LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the Company during the year was the engaging in corporate venturing, investing in companies that have technologies that relate to, or could enhance, the services the Group sells, or when mature will be in industries that will be a heavy user of the Group's services.

Results and dividends

The loss for the year, after taxation, amounted to £1,698,000 (2019 - loss £582,000).

Directors

The Directors who served during the year were:

Andrew Blackstone
Mickey Kalifa

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 December 2021 and signed on its behalf.



Mickey Kalifa

Director

SAATCHINVEST LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

SAATCHINVEST LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Administrative expenses		294	(92)
Fair value movements		(2,040)	(347)
Operating loss		(1,746)	(439)
Interest payable and expenses	4	(350)	(280)
Loss before tax		(2,096)	(719)
Tax on loss	5	398	137
Loss for the financial year		(1,698)	(582)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Total comprehensive income for the year		(1,698)	(582)

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.

SAATCHINVEST LIMITED

REGISTERED NUMBER: 7498729

**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Investments	6	11,000	13,575
		<u>11,000</u>	<u>13,575</u>
Current assets			
Debtors: amounts falling due within one year	7	151	250
		<u>151</u>	<u>250</u>
Creditors: amounts falling due within one year	8	(11,212)	(11,686)
		<u>(11,061)</u>	<u>(11,436)</u>
Net current liabilities		<u>(11,061)</u>	<u>(11,436)</u>
Total assets less current liabilities		<u>(61)</u>	<u>2,139</u>
Provisions for liabilities			
Deferred taxation	10	(465)	(967)
		<u>(465)</u>	<u>(967)</u>
Net assets		<u>(526)</u>	<u>1,172</u>
Net (liabilities)/assets		<u>(526)</u>	<u>1,172</u>
Capital and reserves			
Revaluation reserve		4,122	4,122
Profit and loss account		(4,648)	(2,950)
		<u>(526)</u>	<u>1,172</u>

SAATCHINVEST LIMITED

REGISTERED NUMBER: 7498729

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from 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 Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2021.



Mickey Kalifa
Director

The notes on pages 6 to 13 form part of these financial statements.

SAATCHINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Saatchinvest Limited is a private company limited by shares incorporated in England. The registered office is 34-36 Golden Square, London, W1F 9EE.

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 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £11,061,000 (2019 – net current liabilities of £11,436,000) which the directors believe to be appropriate for the following reason. The Company is dependent for its working capital on funds provided to it by M&CSaatchi plc, the Company's ultimate parent undertaking.

M&C Saatchi plc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the Company and, in particular, will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements they have no reason to believe that it will not do so. M&C Saatchi plc has provided its own detailed going concern review of the group, within its consolidated financial statements and in which the plc Board have asserted that it appropriate to prepare their financial statements on a going concern basis.

On this basis, and on their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

2.3 FRS 101 reduced disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, key management personnel remuneration, presentation of a cash flow statement, standards not yet effective, impairment of assets and the revenue disclosure exemptions.

Where relevant, equivalent disclosures have been given in the group accounts of M&C Saatchi plc. These group accounts are available to the public and can be obtained as set out in note 13.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.7 Valuation of investments

The Group holds certain unlisted equity investments what are classified as financial assets at FVTPL. These investments are initially recognised at their fair value. At the end of each reporting period the fair value is reassessed with gains or losses being recognised in the income statement.

2.8 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.

2.9 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.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Financial instruments (continued)

loss includes any dividend or interest earned on the financial asset.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in compliance with FRS 101 may require the use of certain critical accounting estimates and for management to exercise judgement in applying the Company's accounting policies. The key estimate in these accounts are the valuation of its unlisted investments, we rely on values paid in latest funding rounds and the potential trading performance of these unlisted investments as a basis to estimate the value of these unlisted investments.

4. Interest payable and similar expenses

	2020 £000	2019 £000
Loans from group undertakings	350	280
	<u>350</u>	<u>280</u>

SAATCHINVEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	104	(92)
	104	(92)
Total current tax	104	(92)
Deferred tax		
Origination and reversal of timing differences	(502)	(45)
Total deferred tax	(502)	(45)
Taxation on loss on ordinary activities	(398)	(137)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	(2,096)	(719)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(403)	(138)
Effects of:		
Short term timing difference leading to an increase (decrease) in taxation	5	1
Total tax charge for the year	(398)	(137)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

SAATCHINVEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Fixed asset investments

	Unlisted investments £000
Cost or valuation	
At 1 January 2020	13,575
Additions	698
Disposals	(1,233)
Revaluations	(2,040)
At 31 December 2020	<u>11,000</u>

7. Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	4	-
Other debtors	147	250
	<u>151</u>	<u>250</u>

8. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	-	29
Amounts owed to group undertakings	10,640	10,667
Accruals and deferred income	572	990
	<u>11,212</u>	<u>11,686</u>

SAATCHINVEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Financial assets measured at fair value through profit or loss	11,000	13,575
Financial assets that are debt instruments measured at amortised cost	4	-
	11,004	13,575
Financial liabilities		
Financial liabilities measured at amortised cost	(11,211)	-
Financial assets measured at fair value through profit or loss comprise the valuation of its unlisted investments.		

10. Deferred taxation

	2020
	£000
Charged to profit or loss	(465)
At end of year	(465)

The provision for deferred taxation is made up as follows:

	2020	2019
	£000	£000
Charged to profit or loss	(465)	(967)
	(465)	(967)

11. Share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
2 (2019 - 2) Ordinary shares - full voting and dividend rights shares of £1.00 each	-	-

SAATCHINVEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Post balance sheet events

The Company acts as a guarantor to M&C Saatchi plc's revolving credit facility. On 31 May 2021, M&C Saatchi plc and the Company agreed a new 3 year joint banking arrangement with Barclays and NatWest. The new revolving credit facility for £47m (the "Facility"), includes two sub-limits for ancillary facilities, both provided by NatWest: a £2.5m overdraft and a £3m performance bond line. The Facility, between M&C Saatchi Plc and M&C Saatchi International Holdings BV, matures in May 2024 and is available for drawdowns in Sterling, US Dollar and Euro at an interest margin of 3.0% p.a. The Facility replaces the Group's existing £33m revolving credit facility and £5m overdraft which were due to terminate on 30 June 2021.

In 2021 the Covid-19 pandemic continues to affect the world and the full impact of the resulting global economic crisis has yet to be fully evaluated. In an attempt to combat the pandemic, the United Kingdom (along with other countries) continues to impose restrictions on gatherings of people both in the workplace and in social settings. These restrictions will have a significant impact on commerce and employment for the foreseeable future. It is uncertain to what extent the virus will affect the operations and financial position of the Company. However, management continues to monitor the development of the pandemic and its impact on the Company.

13. Immediate and ultimate parent company

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 group accounts are prepared. Copies of the Group accounts are available from M&C Saatchi plc, 36 Golden Square, London W1F 9EE.