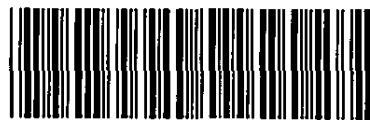


Publicis Limited

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

Directors

N Jones (appointed 29 June 2009)

R Pinder

G Stewart (resigned 19 June 2009)

Secretaries

M Gonzalez-Gomez

S Ewing (resigned 16 November 2009)

Auditors

Mazars LLP

Tower Bridge House

St Katharine's Way

London E1W 1DD

Bankers

NatWest Bank Plc

Charing Cross

PO Box 113

Cavell House

2A Charing Cross Road

London WC2H 0PD

Registered Office

82 Baker Street

London W1U 6AE

Directors' report

The directors' present their report and financial statements for the year ended 31 December 2009

Results and dividends

The profit for the year, after taxation, is £1,279,000 (2008 - £6,684,000) No dividends were declared or paid during the year (2008 - £1,875,000)

Principal activity and review of the business

The Company's principal activity during the year continued to be that of an advertising agency

The Company's key financial and other performance indicators during the year were as follows

	2009 £000	2008 £000	Change %
Turnover	62,056	64,349	-4%
Operating profit	2,148	8,542	-75%
Profit after tax	1,279	6,684	-81%
Shareholder's funds	13,929	13,333	4%
Current assets as % of current liabilities	150%	149%	1%
Average number of employees	228	253	-10%

Turnover decreased by 4% due to some client losses

Operating profit decreased by 75% during the year due to reduced gross margins and increased overheads

Profit after tax decreased by 81% mainly due to the reasons noted above

Shareholder's funds increased by 4% due to retained profits offset by actuarial losses

Principal risks and uncertainties

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives

The principal risks faced by the Company are as follows

- Competitive risks

The business operates in a competitive market. The Company makes new business conversion a high priority in order to mitigate this risk to the greatest extent possible

- Exposure to credit, liquidity and cash flow risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Our policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures

Directors' report

Principal risks and uncertainties (continued)

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We aim to mitigate liquidity risk by managing cash generation by our operations and applying cash collection targets.

Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance the day-to-day operations. We manage cash flow risk by careful negotiation of terms with customers and suppliers.

Future developments

The directors aim to maintain the management policies which have resulted in the Company's growth in profitability in recent years. They consider that 2010 will show growth in turnover, primarily due to the acquisition of trade and net assets of Publicis Dialog and Publicis Blueprint on 1 January 2010.

Directors

The directors of the Company that served during the year are shown on page 1.

Employees

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

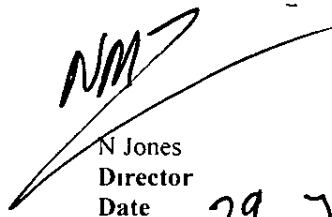
Going concern

The Company has access to considerable financial resources together with long standing relationships with key clients and suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Appointment of auditors

Mazars LLP were appointed as auditors to the Company during the year.

On behalf of the board



N Jones
Director
Date

29 June 2010

Statement of 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 proper 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.

Independent auditors' report to the member of Publicis Limited

We have audited the financial statements of Publicis Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Shareholder's Funds, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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 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 (APB's) Ethical Standards for Auditors. This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the 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 auditors' report to the member of Publicis Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mazars LLP, Chartered Accountants (Statutory auditor)
David Herbinet (Senior statutory auditor)
Tower Bridge House
St Katharine's Way
London E1W 1DD
Date

2 July 2010

Profit and loss account

for the year ended 31 December 2009

	Notes	2009 £000	2008 £000
Turnover	2	62,056	64,349
Cost of sales		(33,696)	(32,741)
Gross profit		28,360	31,608
Administrative expenses		(26,212)	(23,066)
Operating profit	3	2,148	8,542
Interest receivable and similar income	7	89	994
Interest payable and similar charges	8	(51)	(178)
Other finance costs	9	(123)	(67)
Profit on ordinary activities before taxation		2,063	9,291
Tax on profit on ordinary activities	10	(784)	(2,607)
Profit for the financial year	16	1,279	6,684

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year and their historical cost equivalents

The Company's turnover and operating profit all relate to continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
<i>Profit for the financial year</i>		1,279	6,684
Actuarial loss recognised on the pension liability	19	(940)	(174)
Movement on deferred tax relating to pension liability		143	49
Movement on current tax relating to pension contributions		120	-
Movement on deferred tax relating to pension contributions		-	(151)
<i>Total recognised gains and losses for the year</i>		<u>602</u>	<u>6,408</u>

Reconciliation of shareholder's funds

for the year ended 31 December 2009

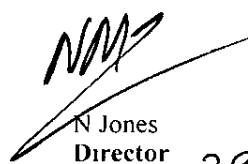
	Note	2009 £000	2008 £000
Total recognised gains and losses		602	6,408
Reserve for share-based payment plans	20	(6)	68
Dividend declared and paid		-	(1,875)
Total movement during the year		596	4,601
Shareholder's funds at 1 January		13,333	8,732
Shareholder's funds at 31 December		13,929	13,333

Balance sheet

at 31 December 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible fixed assets	11	700	1,005
Investments	12	1	1
		<u>701</u>	<u>1,006</u>
Current assets			
Cash at bank and in hand		233	-
Work in progress		3,903	3,040
Debtors	13	41,258	38,956
		<u>45,394</u>	<u>41,996</u>
Creditors amounts falling due within one year	14	<u>(30,282)</u>	<u>(28,153)</u>
Net current assets		<u>15,112</u>	<u>13,843</u>
Total assets less current liabilities		<u>15,813</u>	<u>14,849</u>
Defined benefit pension liability	19	<u>(1 884)</u>	<u>(1,516)</u>
Net assets		<u>13,929</u>	<u>13,333</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	13,829	13,233
Shareholder's funds		<u>13,929</u>	<u>13,333</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on the below date


N Jones
Director

29 June 2010

Notes to the financial statements

for the year ended 31 December 2009

1. Accounting policies

The principal accounting policies of the Company are set out below

Basis of preparation

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

Group financial statements

The Company is a wholly owned subsidiary undertaking of Publicis Groupe S A , a company incorporated in France, which prepares consolidated financial statements. Therefore the Company is not required to prepare group financial statements under section 400 of the Companies Act 2006. The financial statements present information about the Company alone and not about its group.

Statement of cash flows

The Company is exempt from the requirement of Financial Reporting Standard 1 (Revised) "Cash Flow Statements" to include a statement of cash flows as part of its financial statements because its ultimate parent undertaking, Publicis Groupe S A , prepares consolidated financial statements which include the financial statements of the Company for the year (see note 22).

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its services. Revenue represents amounts billed to clients during the year, excluding advanced billings, and is stated net of allowances, VAT and other sales related taxes.

The following criteria must also be met before revenue is recognised:

Rendering of services

Retainer fees are recognised by the Company based on the public presentation date for media advertising and when production is delivered to clients for production work. Fee income is recognised when billed, over the period of service and in accordance with client contracts.

Interest income

Income is recognised as interest accrues using the effective interest method.

Impairment review

The carrying values of the Company's investments are reassessed annually. Provisions for diminution in value shall be made if the reduction in value is expected to be permanent.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is reported in the profit and loss account.

Work in progress

Work in progress comprises outlays on behalf of clients which are to be recharged and is stated at the lower of cost and net realisable value.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Notes to the financial statements

for the year ended 31 December 2009

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost. Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets on a straight line basis over their expected useful lives

Leasehold improvements	–	over the term of the lease
Furniture and equipment	–	12% - 33% per annum
Motor vehicles	–	25% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Pension costs

The Company operates a defined benefit pension scheme which requires contributions to be made to separately administered funds. The defined benefit pension scheme was closed to new members and these benefits are funded. The Company also has a defined contribution pension scheme.

The cost of providing benefits under the defined benefit scheme is determined separately using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) based on actuarial advice. Past service costs are recognised in the profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the charge in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service costs not yet recognised and less fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published mid price.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer of Publicis Groupe, Paris, using the Black-Scholes model.

No expense is recognised for awards that do not ultimately vest.

Notes to the financial statements

for the year ended 31 December 2009

1. Accounting policies (continued)

Share-based payments (continued)

At each balance sheet date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and Group management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period of the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity with any excess over fair value being treated as an expense in the income statement.

The Company has taken advantage of the transitional provisions of FRS 20 'Share Based Payment' in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

for the year ended 31 December 2009

2. Turnover

The Company has one class of business, which is the provision of advertising and related services

The geographical analysis of turnover by destination is as follows

	2009 £000	2008 £000
United Kingdom	30,206	32,634
Europe	19,670	17,394
USA	10,657	14,109
Rest of the World	1,523	212
	<u>62,056</u>	<u>64,349</u>

3 Operating profit

This is stated after charging/(crediting)

	2009 £000	2008 £000
Foreign exchange loss/(gain)	660	(1,056)
Depreciation of tangible fixed assets (see note 11)	373	472
Gain on sale of fixed assets	(8)	(3)
Operating lease rentals	2,150	2,022
Staff costs (see note 5)	17,231	21,678
Auditors' remuneration (see note 4)	<u>63</u>	<u>54</u>

4 Auditors' remuneration

The remuneration of the auditors is further analysed as follows

	2009 £000	2008 £000
Fee payable to the Company auditor for the audit of the Company	56	46
Fee payable to the Company auditor for other services - the audit of another group company	<u>7</u>	<u>8</u>
	<u>63</u>	<u>54</u>

Notes to the financial statements

for the year ended 31 December 2009

5. Staff costs

The average monthly number of persons employed by the Company (including directors) during the year was as follows

	2009 No.	2008 No.
Production and administration of communications activities	228	253
	<u>228</u>	<u>253</u>

The aggregate payroll costs of these persons were as follows

	2009 £000	2008 £000
Wages and salaries	14,425	18,852
Social security costs	2,077	2,229
Pension costs	729	597
	<u>17,231</u>	<u>21,678</u>

Included in total staff costs is £547,000 (2008 – £398,000) in respect of directors' remuneration (see note 6) and a total credit of £6,000 (2008 – £68,000 expense) arising from transactions accounted for as equity-settled share-based payment transactions

6. Directors' emoluments

	2009 £000	2008 £000
Aggregate emoluments in respect of qualifying services	503	384
Company contributions to money purchase pension schemes	44	14
	<u>547</u>	<u>398</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

	2009 £000	2008 £000
Aggregate emoluments in respect of qualifying services	405	199
Company contributions to money purchases schemes	35	14
	<u>440</u>	<u>213</u>

Two directors were members of a money purchase pension scheme during the year (2008 – one)

Notes to the financial statements

for the year ended 31 December 2009

7. Interest receivable and similar income

	2009 £000	2008 £000
Interest received from group undertakings	89	619
Income from fixed asset investments	-	375
	<u>89</u>	<u>994</u>

8. Interest payable and similar charges

	2009 £000	2008 £000
Interest payable to group undertakings	51	178
	<u>51</u>	<u>178</u>

9. Other finance costs

	2009 £000	2008 £000
Defined benefit scheme – financial component (see note 19)	123	67
	<u>123</u>	<u>67</u>

10. Taxation

(a) Analysis of charge for the year

	2009 £000	2008 £000
<i>Current tax</i>		
UK corporation tax at 28% (2008 – 28.5%)	718	2,735
Prior year adjustment	-	(94)
Total current tax (note 10(b))	<u>718</u>	<u>2,641</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	85	(127)
Deferred tax on pension – FRS17	-	(19)
Prior year adjustment	(19)	112
Tax on profit on ordinary activities	<u>784</u>	<u>2,607</u>

Notes to the financial statements

for the year ended 31 December 2009

10. Taxation (continued)

(b) Factors affecting current tax charge for the year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008 – 28.5%)
The actual current tax charge for the current and previous year differed from the standard rate for the reasons set out in the following reconciliation

	2009 £000	2008 £000
Profit on ordinary activities before tax	2,063	9,291
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 28.5%)	578	2,648
<i>Effects of</i>		
Expenses not deductible for tax purposes	228	180
Employee share options	(2)	19
Other timing differences	(57)	18
Accelerated capital allowances	(29)	(23)
UK dividend not taxable	-	(107)
Prior year adjustment	-	(94)
Total current tax (note 10(a))	718	2,641

(c) Deferred tax

The deferred tax included in the balance sheet is as follows

	2009 £000	2008 £000
Other timing differences	297	355
Decelerated capital allowances	209	217
Provision for deferred tax	506	572

The movement in deferred tax is as follows

	£000
At 1 January 2009	572
Profit and loss account	(66)
At 31 December 2009	506

(d) Factors that may affect future tax charges

The UK corporation tax rate has decreased from 30% to 28% from 1 April 2008

Notes to the financial statements

for the year ended 31 December 2009

11. Tangible fixed assets

	Leasehold improvements	Furniture and equipment	Motor vehicles	Total
	£000	£000	£000	£000
Cost				
At 1 January 2009	3,308	655	79	4,042
Additions	-	45	23	68
Disposals	-	(114)	(44)	(158)
At 31 December 2009	3,308	586	58	3,952
Depreciation:				
At 1 January 2009	2,503	458	76	3,037
Charge for the year	242	120	11	373
Disposals	-	(114)	(44)	(158)
At 31 December 2009	2,745	464	43	3,252
Net book value:				
At 31 December 2009	563	122	15	700
At 1 January 2009	805	197	3	1,005

12 Investments

	Shares in group undertakings £000
Shares at Cost	
At 1 January 2009 and 31 December 2009	1

The Company's investments in subsidiary undertakings, which are engaged in the advertising, print, sales promotion and graphic studio industries, are as follows as at 31 December 2009

	Country of incorporation	Class of shares	Percentage of shares held
Publicis Dialog Limited	England & Wales	Ordinary	100%
Publicis Blueprint Limited	England & Wales	Ordinary	100%

Notes to the financial statements

for the year ended 31 December 2009

13. Debtors

	2009	2008
	£000	£000
Trade debtors	5,333	6,175
Amounts owed by group undertakings	31,185	28,041
Prepayments and accrued income	4,182	4,033
Other debtors	52	135
Deferred tax	506	572
	<u>41,258</u>	<u>38,956</u>

14. Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Bank overdraft	-	23
Payments on account	8,017	9,600
Trade creditors	2,453	1,153
Amounts owed to group undertakings	9,494	6,193
Other taxation and social security costs	876	1,141
Accruals and deferred income	4,723	5,893
Corporation tax	4,719	4,150
	<u>30,282</u>	<u>28,153</u>

15. Authorised and issued share capital

	2009	2008
	£000	£000
<i>Authorised, allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

16. Movement on reserves

	2009	2008
	£000	£000
At 1 January	13,233	8,632
Profit for the year	1,279	6,684
Dividend declared and paid	-	(1,875)
Share based payment	(6)	68
Actuarial loss on pension scheme	(940)	(174)
Movement on deferred tax relating to pension liability	143	49
Movement on current tax relating to pension contributions	120	-
Movement on deferred tax relating to pension contributions	-	(151)
At 31 December	<u>13,829</u>	<u>13,233</u>

17. Capital commitments

At the end of the year there were no capital commitments contracted for (2008 – £nil)

Notes to the financial statements

for the year ended 31 December 2009

18. Operating lease commitments

At 31 December 2009 the Company was committed to making the following annual payments under non-cancellable operating leases

	Land & Buildings	
	2009	2008
	£000	£000
Operating leases which expire		
Between two to five years	2,150	-
After five years	-	2,150

19. Defined benefit pension liability

The Company operates a defined benefit scheme in the UK. The scheme is funded by the payment of contributions to separately administered trust funds.

The valuation used has been based on the most recent actuarial valuation at 1 January 2007 and was updated by Watson Wyatt Limited to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2009 and 31 December 2008. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

The assets and liabilities of the schemes at 31 December are

Defined benefit scheme	2009	2008
	£000	£000
<i>Scheme assets at fair value</i>		
Equities	4,735	3,804
Bonds	4,861	4,861
Cash	107	-
Fair value of plan assets	9,703	8,665
Present value of funded obligations	(12,320)	(10,771)
	(2,617)	(2,106)
Present value of unfunded obligations	-	-
Deficit	(2,617)	(2,106)
Related deferred tax asset	733	590
Net liability	(1,884)	(1,516)

The pension plans have not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The amount recognised in the Profit and Loss account and in the Statement of Total Recognised Gains and Losses for the year are analysed as follows:

Recognised in the Profit and Loss account	2009	2008
	£000	£000
Interest on obligation	682	723
Expected return on plan assets	(559)	(656)
Total recognised in the Profit and Loss account	123	67

Notes to the financial statements

for the year ended 31 December 2009

19. Defined benefit pension liability (continued)

Taken to the Statement of Total Recognised Gains and Losses	2009 £000	2008 £000
Actual return on scheme assets	1,672	(1,321)
Less expected return on scheme assets	(559)	(656)
	1,113	(1,977)
Other actuarial gains and losses	(2,053)	1,803
Actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	(940)	(174)

Principal actuarial assumptions at the balance sheet date:

	Defined benefit scheme	
	2009	2008
Rate of salary increases	3.25%	4.50%
Rate of increase in pensions in payment	3.25%	3.00%
Discount rate	5.70%	6.40%
Expected return on plan assets at 31 December		
Equities	7.75%	8.00%
Corporate bonds	5.50%	6.75%
Government bonds	4.00%	4.30%
Cash	4.00%	4.70%
Overall expected return on plan assets at 31 December	6.10%	6.35%
Inflation assumption	3.25%	3.00%

The total contributions to the defined benefit plans in 2010 are expected to be £552,000 (2009 – £500,000)

Changes in the present value of the defined benefit obligations are as follows:

	2009 £000	2008 £000
As at 1 January	10,771	12,689
Service cost	-	-
Interest cost	682	723
Actuarial gains and losses	2,053	(1,803)
Benefits paid	(1,186)	(838)
As at 31 December	12,320	10,771

The defined benefit obligation comprises £12,320,000 (2008 – £10,771,000) arising from plans that are wholly or partly funded

Notes to the financial statements

for the year ended 31 December 2009

19. Defined benefit pension liability (continued)

Changes in the present value of plan assets are as follows

	2009	2008
	£000	£000
As at 1 January	8,665	10,285
Expected return	559	656
Contributions by employer	552	539
Benefits paid	(1,186)	(838)
Actuarial gains and losses	1,113	(1,977)
As at 31 December	9,703	8,665

Amounts for the current and previous four periods are as follows

Defined benefit pension plans

	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Present value of defined benefit obligations	(12,320)	(10,771)	(12,689)	(12,450)	(11,835)
Fair value of scheme assets	9,703	8,665	10,285	9,293	8,367
Deficit in the scheme	(2,617)	(2,106)	(2,404)	(3,157)	(3,468)
Experience adjustments arising on plan liabilities	(139)	(24)	769	68	222
Experience adjustments on plan assets	1,113	(1,977)	238	(78)	721

20. Share-based payments

Description of existing plans

Share Options are granted to senior employees of the Company at the discretion of the Management Board of the ultimate parent company Publicis Groupe S A. The stock option plans outstanding at 31 December 2009 have the following characteristics

Long Term Incentive Plan (LTIP) 2006-2008

(twenty second tranche in 2006 and twenty third tranche in 2007)

Options granted under this plan have an exercise price equal to the average Publicis Groupe share price for the 20 days preceding the date of grant. Out of the total number of options granted, the number which can be exercised was determined in April 2009 on the basis of achievement of growth and profitability objectives for Publicis Groupe over the entire period 2006-2008. For half of the exercisable options the exercise period commenced in April 2009. The other half are exercisable from April 2010. The options expire 10 years after the date of grant.

Notes to the financial statements

for the year ended 31 December 2009

20. Share-based payments (continued)

Long Term Incentive Plan (LTIP) 2003-2005 (seventeenth tranche in 2003)

Options granted under this plan have an exercise price equal to the average cost of Publicis Groupe's treasury stock in portfolio at the date of grant. Out of the total number of options granted, the number which can be exercised was determined in April 2006 on the basis of achievement of growth and profitability objectives for Publicis Groupe over the entire period 2003-2005. For half of the exercisable options the exercise period commenced in April 2006. The other half were exercisable as from 25 April 2007. The options expire 10 years after the date of grant.

The credit recognised for share-based payments in respect of employee services received during the year to 31 December 2009 is £6,000 (2008 – £68,000 expense). The total credit arose from equity-settled share-based payment transactions.

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year.

	2009 No	2009 WAEP - EUR	2008 No	2008 WAEP - EUR
Outstanding as at 1 January	182,460	27.55	192,960	27.51
Granted during the year	-	-	-	-
Exercised	-	-	-	-
Forfeited	(70,199)	29.37	(22,500)	29.27
Group transfer	-	-	12,000	31.31
Outstanding at 31 December	112,261	26.40	182,460	27.55
Exercisable at 31 December	95,080	20.34	90,660	24.82

Shares with 0.40 euro par value	Type of option	Date of grant	Exercise price of options (EUR)	Outstanding options at 31/12/09	Of which are exercisable at 31/12/09	Expiry date	Remaining contractual life (in years)
17 th tranche	Acquisition	28/08/2003	24.82	77,899	77,899	2013	3.65
22 nd tranche	Acquisition	21/08/2006	29.27	22,157	11,078	2016	6.64
23 rd tranche	Acquisition	24/08/2007	31.31	12,205	6,103	2017	7.65

The weighted average fair value of options granted during the year was €nil (2008 – €nil).

Notes to the financial statements

for the year ended 31 December 2009

20. Share-based payments (continued)

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for each applicable tranche for the year ended 31 December 2009

Tranche	17 th	22 nd	23 rd
Rate of return on dividends (%)	1.12	1.23	1.60
Expected Publicis share price volatility (%)	34	24	25
Expected comparator group volatility (%)	98.92	75.00	75.00
Risk-free interest rate (%)	-	3.68	4.41
Expected life of options (years)	4.2	4.3	3.3
Share price at the date of the grant	24.84	29.27	31.31

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

No other features of options grant were incorporated into the measurement of fair value.

21. Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard 8, "Related Party Disclosures", not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

22. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is MMS UK Holdings Limited which is registered in England and Wales.

The Company's ultimate parent undertaking is Publicis Groupe S.A. which is registered in France.

The smallest and largest group in which the results of the Company are consolidated is that headed by Publicis Groupe S.A. The consolidated accounts of this group may be obtained from the secretary at 133, Avenue des Champs-Élysées, 75008 Paris, France.