

Company Registration No. 02821174

Havas UK Limited

Report and Financial Statements

31 December 2011

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Havas UK Limited

Report and financial statements 2011

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Havas UK Limited

Report and financial statements 2011

Officers and professional advisers

Directors

E Decerisy
P F Woodhouse
A G Chapman
R M Hatchuel

Secretary

A J Ross

Registered office

Concorde House
10-12 London Road
Maidstone
Kent
ME16 8QF

Bankers

HSBC Bank plc
31 Holborn
London
EC1N 2HR

Auditor

Deloitte LLP
London
United Kingdom

Havas UK Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Business review and principal activities

The principal activity of the company is to act as a holding company, managing the investments in its advertising agency and its marketing services subsidiary undertakings. The directors expect the general level of activity to continue in the ensuing year. There have not been any significant changes in this activity in the year under review, nor are any likely changes anticipated in the forthcoming year. On 29 May 2012 the company acquired 60% of the issued ordinary shares of Creative Lynx Group Limited for an initial consideration of £3,740,000 plus associated costs. On 30 May 2012 the company completed the second earn-out payment on the shares of Marcomms Group Limited for a consideration of £2,231,391.

The financial statements have been prepared on a going concern basis, as disclosed further in note 1.

Result and dividends

The profit for the year, after tax, was £19,251,000 (2010 loss £20,207,000).

A dividend of £10,000,000 (£4.39 per share) was paid in 2011 (2010: £nil).

Directors

The following persons held office as directors during the year:

E Decerisy
P F Woodhouse
A G Chapman

R M Hatchuel was appointed on 4 April 2012

Auditor

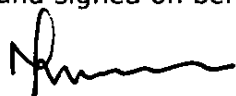
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P F Woodhouse
Director
7 June 2012

Havas UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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). 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, 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 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 auditor's report to the members of Havas UK Limited

We have audited the financial statements of Havas UK Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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).

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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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 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's report to the members of Havas UK 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Anthony Morris (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

8 June 2012

Havas UK Limited

Profit and loss account Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	229	1,092
Gross profit		229	1,092
Administrative expenses		(885)	(1,713)
Dividends received		27,468	603
Provisions against investments and related company balances		(6,371)	(20,041)
Operating profit/(loss)	3	20,441	(20,059)
Interest receivable and similar income	4	230	570
Interest payable and similar charges	5	(2,046)	(1,874)
Profit/(loss) on ordinary activities before taxation		18,625	(21,363)
Tax credit on profit/(loss) on ordinary activities	7	626	656
Profit/(loss) on ordinary activities after taxation	13, 14	19,251	(20,707)

All amounts relate to continuing operations

There are no recognised gains or losses for the current and preceding financial period other than the profit of £19,251,000 (2010 loss £20,707,000) shown above. Accordingly no statement of total recognised gains and losses is presented

The notes on pages 8 to 16 form part of these financial statements.

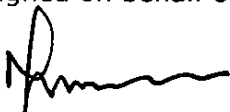
Havas UK Limited

Balance sheet 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	8	515,003	521,940
Current assets			
Debtors	9	3,560	22,858
Cash at bank and in hand		92	631
		3,652	23,489
Creditors: amounts falling due within one year	10	(96,345)	(132,022)
Net current liabilities		(92,693)	(108,533)
Total assets less current liabilities		422,310	413,407
Provision for liabilities	11	(517)	(865)
Net assets		421,793	412,542
Capital and reserves			
Called up share capital	12	227,698	227,698
Share premium account	13	196,651	196,651
Profit and loss account	13	(2,556)	(11,807)
Shareholders' funds	13, 14	421,793	412,542

The financial statements of Havas UK Limited, registered number 02821174, were approved by the Board of Directors on 7 June 2012

Signed on behalf of the Board of Directors



P F Woodhouse
Director

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

1. Accounting policies

The following accounting policies have been applied consistently throughout the year and the preceding year.

Accounting convention

These financial statements have been prepared under the historical cost convention and are in compliance with applicable Accounting Standards

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 2

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so participates in joint banking arrangements in the United Kingdom with its subsidiaries

As at 31 December 2011 the company has net current liabilities of £92,693,000 (2010 £108,533,000) including a bank overdraft of £65,128,000 (2010 £73,038,000). The directors of Havas S A, the ultimate parent company, have confirmed that they will continue to support the company to enable it to meet its third party liabilities, as they fall due, for a period of at least 12 months from the date of the approval of these financial statements

On the basis of 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 operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Group financial statements

The company has taken advantage of the exemption granted by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts in the current period. The results of the company are included in the consolidated financial statements of Havas S.A., a company registered in France (note 16)

Cash flow

In accordance with the Financial Reporting Standard 1 (revised), no cash flow statement has been presented on the basis that the company is a wholly owned subsidiary of Havas S.A., in whose accounts a consolidated cash flow is presented (see note 16)

Investments

Investments in subsidiary undertakings are shown at cost less provision for impairment. Only dividends received and receivable are credited to the company's profit and loss account. Provisions are made for impairments in value

Taxation

Current 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.

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

1. Accounting policies (continued)

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:

- provision is made for tax on gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- 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 that have been enacted or substantively enacted at the balance sheet date.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of 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 rate subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose details of transactions with other wholly owned subsidiaries within the Havas group of companies.

2. Turnover

Turnover which is stated net of value added tax represents amounts invoiced to third parties. Turnover and loss before taxation are attributable to the principal activity of the company, which is carried out wholly within the United Kingdom.

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2011 £'000	2010 £'000
Operating lease payments - land and buildings	<u>435</u>	<u>435</u>

The auditor's remuneration of £3,988 (2010: £3,835) for the statutory audit of the company's financial statements for the current and prior period has been borne and not recharged by another member of the group

4. Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable from third parties	24	17
Interest receivable from other group undertakings	206	203
Interest receivable on taxation refunds	-	2
Other interest receivable and similar income	-	348
	<u>230</u>	<u>570</u>

Other interest receivable and similar income includes net exchange profits on foreign currency transactions of £nil (2010. £348,000)

5. Interest payable and similar charges

	2011 £'000	2010 £'000
On bank loans repayable within five years	422	358
On amounts due to group undertakings	1,509	1,469
On property provision	48	47
Other interest payable and similar charges	67	-
	<u>2,046</u>	<u>1,874</u>

Other interest payable and similar charges include net exchange losses on foreign currency transactions of £67,000 (2010 £nil)

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

6. Directors and employees

No staff costs were incurred in the year. The monthly average number of employees during the year was nil (2010 nil)

Directors' remuneration is borne by another company in the group for 2011. None of the directors is a member of a pension scheme. The directors participate in share option and long term incentive plans operated by the ultimate parent undertaking

7. Tax on profit/(loss) on ordinary activities

(a) Analysis of tax credit

	2011 £'000	2010 £'000
<i>Current tax:</i>		
UK corporation tax on profit/(loss) at 26½% (2010 – 28%)	(626)	(655)
Adjustments in respect of prior years	-	(1)
	<u>(626)</u>	<u>(656)</u>
Total current tax (note 7(b))	<u>(626)</u>	<u>(656)</u>
Tax credit on profit/(loss) on ordinary activities	<u>(626)</u>	<u>(656)</u>

(b) Factors affecting tax credit for the year

The tax assessed for the year is lower (2010: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £'000	2010 £'000
Profit/(loss) on ordinary activities before tax	<u>18,625</u>	<u>(21,363)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26½% (2010 – 28%)	4,935	(5,982)
<i>Effects of</i>		
Non-taxable investment income	(7,279)	(169)
Non-deductible provisions against investments and related company balances	1,718	5,496
Short-term timing differences		
Adjustments in respect of prior years	-	(1)
	<u>(626)</u>	<u>(656)</u>
Current tax credit for the year (note 7(a))	<u>(626)</u>	<u>(656)</u>

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

7. Tax on profit/(loss) on ordinary activities (continued)

(c) Deferred tax

At the year end there were unrecognised deferred tax assets of £3,398,351 (2010: £3,670,219) in respect of unutilised tax losses and £14,928,000 (2010 £nil) arising from unutilised capital losses. These assets have not been recognised as there is insufficient certainty over the ability of the company to utilise these losses in the foreseeable future.

Under UK GAAP, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was passed in July 2011 to reduce the main rate of UK corporation tax from 26% to 25% from 1 April 2012. Hence the tax rate of 25% has been applied in the calculation of deferred tax

The 2012 budget (delivered on 21 March 2012) announced a further reduction of 1% to the UK corporation tax rate, meaning the rate will be 24% effective from 1 April 2012. The Government has announced that it intends to introduce further reductions to the main tax rate, with the rate falling by 1% each year down to 22% by 1 April 2014. These further reductions to the tax rate have not been substantively enacted at the balance sheet date and are therefore not reflected in these financial statements.

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

8. Investments

The movement in the investment in subsidiary undertakings during the year was as follows

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total subsidiary undertakings £'000
Cost			
At 1 January 2011	559,186	2,000	561,186
Additions	343	-	343
Disposals	-	-	-
At 31 December 2011	559,529	2,000	561,529
Amounts provided			
At 1 January 2011	37,246	909	38,155
Provided/(written back) during the year	7,280	(909)	6,371
Disposals	-	-	-
At 31 December 2011	44,526	-	44,526
Net book value			
At 31 December 2011	515,003	2,000	517,003
At 31 December 2010	521,940	1,091	523,031

The addition to investments represents an earn-out payment in respect of the investment in Marcomms Group Limited.

Principal subsidiary and associated undertakings

	Country of incorporation and operation	Class of shares	Principal activity	Effective interest in issued share capital
Arnold London Limited	Great Britain	Ordinary	Advertising and PR agency	100%
Brann Limited	Great Britain	Ordinary	Data management consultancy	100%
EWDB Limited	Great Britain	Ordinary	Holding company	100%
Euro RSCG Communications Limited	Great Britain	Ordinary	Advertising agency	100%
Havas Holdings Limited	Great Britain	Ordinary	Holding company	76.6%
Havas Shared Services Limited	Great Britain	Ordinary	Holding company	100%
Marcomms Group Limited	Great Britain	Ordinary	Holding company	60%
Moon Street Limited	Great Britain	Ordinary	Property transactions	100%
Snyder Direct	Great Britain	Ordinary	Holding company	100%

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

9. Debtors

	2011	2010
	£'000	£'000
Amounts owed by group undertakings	2,500	22,591
Other debtors	174	38
Group relief receivable	757	-
Prepayments and accrued income	129	229
	<u>3,560</u>	<u>22,858</u>

Included within amounts owed by group undertakings are loans repayable with not less than one year's notice of £2,500,000, before any provisions, (2010: £2,500,000) which bear interest rates between 2% and 2½% above UK base rates. These amounts are therefore considered long term debtors. All other amounts owed by group undertakings do not bear interest and are payable on demand.

10. Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Bank loan and overdrafts	65,128	73,038
Trade creditors	4	-
Amounts owed to group undertakings	1,556	15,855
Other creditors	181	198
Accruals and deferred income	89	74
Amounts owed to group undertakings relating to the surrender of group relief and tax payments on account received from the other group undertakings	-	13,994
Amounts owed to group undertaking relating to investment transfers	29,387	28,863
	<u>96,345</u>	<u>132,022</u>

Amounts included under overdrafts bear interest at between 0.8% and 1% above base rate.

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

11. Provisions for liabilities

	Future property loss rentals £'000
At 1 January 2011	865
Written back un-utilised	(147)
Unwinding of the discount	48
Utilised in the year	(249)
	<u>517</u>
At 31 December 2011	<u>517</u>

Future property loss rentals:

Provision is made on a discounted basis for all expected costs less expected revenues in respect of leased properties surplus to the group's requirements.

12. Called up share capital

	2011 £'000	2010 £'000
Authorised:		
2,519,513 ordinary shares of £100 each	<u>251,951</u>	<u>251,951</u>
Allotted, called up and fully paid:		
2,276,986 ordinary shares of £100 each	<u>227,698</u>	<u>227,698</u>

13. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholder' funds £'000
Balance at 1 January 2011	227,698	196,651	(11,807)	412,542
Profit for the year	-	-	19,251	19,251
Dividend paid	-	-	(10,000)	(10,000)
	<u>227,698</u>	<u>196,651</u>	<u>(2,556)</u>	<u>421,793</u>
Balance at 31 December 2011	<u>227,698</u>	<u>196,651</u>	<u>(2,556)</u>	<u>421,793</u>

Havas UK Limited

Notes to the financial statements Year ended 31 December 2011

14. Reconciliation of movement in shareholders' funds

	2011 £'000	2010 £'000
Profit/(loss) for the year	19,251	(20,707)
Dividend paid	(10,000)	-
Net movement in shareholders' funds	9,251	(20,707)
Opening shareholders' funds	412,542	433,249
Closing shareholders' funds	421,793	412,542

15. Guarantees and other financial commitments

(a) Banking cross-guarantees

The company and certain group undertakings participate in Havas UK Limited group banking facilities. In connection therewith, each of the members of the group have given unlimited cross guarantees. The directors do not expect any loss to the company to arise in respect of the foregoing guarantees.

(b) Capital commitments

At the end of the year, the company had no capital commitments (2010 £nil)

(c) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2011		2010	
	Land and buildings £'000	Plant and equipment £'000	Land and buildings £'000	Plant and equipment £'000
Expiry date				
- between two and five years	435	-	435	-

16. Ultimate parent company

The company's immediate and ultimate parent company and controlling party is Havas S A, which is incorporated in France. The smallest and largest group in which the results of the company are consolidated is that headed by Havas S A., whose financial statements are available, in English and in French, from Havas S A., 29 / 30 quai de Dion Bouton, F92817 Puteaux Cedex, France.

17. Post balance sheet event

On 29 May 2012 the company acquired 60% of the issued ordinary shares of Creative Lynx Group Limited for an initial consideration of £3,740,000 plus associated costs. On 30 May 2012 the company completed the second earn-out payment on the shares of Marcomms Group Limited for a consideration of £2,231,391.