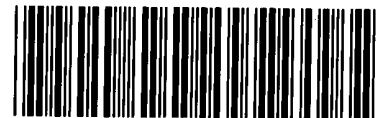


Company Registration No. 02821174 (England and Wales)

**HAVAS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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COMPANIES HOUSE

# HAVAS UK LIMITED

## COMPANY INFORMATION

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**Directors**                      A G Chapman  
   M E Guillotin  
   F M J C Laroze  
   P F Woodhouse

**Secretary**                      A J Ross

**Company number**              02821174

**Registered office**              Havas House  
   Hermitage Court  
   Hermitage Lane  
   Maidstone  
   Kent  
   UK  
   ME16 9NT

**Auditor**                          Constantin  
   25 Hosier Lane  
   London  
   UK  
   EC1A 9LQ

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# HAVAS UK LIMITED

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# HAVAS UK LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and the audited financial statements for the year ended 31 December 2016. The directors' report has been prepared in accordance with section 415A of the Companies Act 2006 and the provisions applicable to companies entitled to the small companies exemption.

### Principal activities

The principal activity of the company continued to be that of a holding company, managing its investments in its advertising agencies.

On 15 March 2016, the company acquired the remaining 40% of the shares in Marcomms Group Limited that it did not previously own, accordingly Marcomms Group Limited is now a wholly owned subsidiary of the company and ultimately, Havas S.A..

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A G Chapman  
M E Guillotin  
F M J C Laroze  
P F Woodhouse

### Results and dividends

The results for the year are set out on page 6.

No dividends were paid during the current year. Ordinary dividends amounting to £15,000,000 were paid during the prior year ended 31 December 2015.

The directors do not recommend payment of a final dividend.

### Auditor

The auditor, Constantin, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all 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 section 418 of the Companies Act 2006.

### Strategic report

The company is a member of an ineligible group within Part 15 of the Companies Act 2006, and is not required to prepare a strategic report in accordance with section 414B(b) of the Act.

# HAVAS UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Havas Village**

On 22 July 2016 the Company agreed a 15 year lease on a 165,000 square feet office accommodation next to St Pancras Station in London at annual rent of £9,617,000 with an incentive of 27 months' rent free, in order that the London based Havas agencies could come together under one roof in line with the group's "Havas Village" strategy. The fit out of the building was on time and our UK group agencies began to occupy the building in January 2017.

In accordance with the accounting treatment for operating leases specified in FRS102, rental lease costs were not charged to the Company's profit and loss account in 2016 as occupation did not occur until 2017. Going forward, the Company will recharge any property costs, including rent, that it incurs in respect of the Havas Village property to other companies in the UK group.

Included in the Company's fixed assets at 31 December 2016 are assets in the course of construction of £10,314,000. On occupation of the building in January 2017, the assets were reclassified into other tangible fixed asset categories. The assets will be depreciated over the shorter of the length of the lease or the asset's useful life.

On behalf of the board



P F Woodhouse

**Director**

29 September 2017

# **HAVAS UK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2016***

---

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

# HAVAS UK LIMITED

## 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 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 27. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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 matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

# HAVAS UK LIMITED

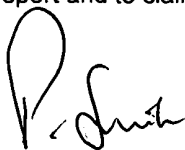
## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HAVAS UK LIMITED

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### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is not entitled to take advantage of the small companies exemption in preparing the directors' report and to claim exemption in preparing a strategic report due to it being a member of an ineligible group.



**Peter Smith FCA (Senior Statutory Auditor)**  
for and on behalf of Constantin

**Chartered Accountants**  
**Statutory Auditor**

*29 Sept 2017*  
.....

25 Hosier Lane  
London  
UK  
EC1A 9LQ



# HAVAS UK LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

---

	Notes	2016 £000	2015 £000
Turnover	3	314	931
Administrative expenses		(2,259)	(1,130)
<b>Operating loss</b>	<b>4</b>	<b>(1,945)</b>	<b>(199)</b>
Income from shares in group undertakings	7	31,119	39,774
Interest receivable from group undertakings	7	84	92
Other interest receivable and similar income	7	305	22
Interest payable and similar expenses	8	(1,421)	(2,206)
Amounts written back to/(written off) investments	9	2,399	(10,796)
<b>Profit before taxation</b>		<b>30,541</b>	<b>26,687</b>
Taxation	10	245	242
<b>Profit for the financial year</b>	<b>22</b>	<b>30,786</b>	<b>26,929</b>

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# HAVAS UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

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	2016 £000	2015 £000
Profit for the year	30,786	26,929
Other comprehensive income	-	-
Total comprehensive income for the year	<u>30,786</u>	<u>26,929</u>

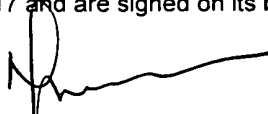
# HAVAS UK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	12	10,314	1,162
Investments	13	549,584	542,173
		<u>559,898</u>	<u>543,335</u>
<b>Current assets</b>			
Debtors falling due after one year	15	680	680
Debtors falling due within one year	15	3,240	257
		<u>3,920</u>	<u>937</u>
<b>Creditors: amounts falling due within one year</b>	17	(61,551)	(70,048)
<b>Net current liabilities</b>		<u>(57,631)</u>	<u>(69,111)</u>
<b>Total assets less current liabilities</b>		<u>502,267</u>	<u>474,224</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(20,958)	(23,701)
<b>Provisions for liabilities</b>	19	(250)	(250)
<b>Net assets</b>		<u><u>481,059</u></u>	<u><u>450,273</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	227,699	227,699
Capital redemption reserve	21	196,651	196,651
Profit and loss reserves	22	56,709	25,923
<b>Total equity</b>		<u><u>481,059</u></u>	<u><u>450,273</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29 September 2017 and are signed on its behalf by:



P F Woodhouse  
Director

Company Registration No. 02821174

# HAVAS UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

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	Notes	Share capital £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
<b>Balance at 1 January 2015</b>		227,699	196,651	13,994	438,344
<b>Year ended 31 December 2015:</b>					
Profit and total comprehensive income for the year		-	-	26,929	26,929
Dividends	11	-	-	(15,000)	(15,000)
<b>Balance at 31 December 2015</b>		227,699	196,651	25,923	450,273
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	30,786	30,786
<b>Balance at 31 December 2016</b>		227,699	196,651	56,709	481,059

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# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

#### Company information

Havas UK Limited is a company limited by shares incorporated in England and Wales. The registered office is Havas House, Hermitage Court, Hermitage Lane, Maidstone, Kent, UK, ME16 9NT.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a "qualifying company" for the purposes of FRS102 and has taken advantage of the disclosure exemption relating to the provision of a cash flow statement in accordance with FRS 102 paragraph 1.12 (b).

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group. Havas UK Limited is a wholly owned subsidiary of Havas S.A., which is incorporated in France. The results of the company are included in the consolidated financial statements of Havas SA which are available from Havas S.A., 29/30 quai de Dion Bouton, F92817 Puteaux Cedex, France, and from the Havas website at [www.havas.com/finance](http://www.havas.com/finance).

In accordance with FRS 102 paragraph 33.1A, transactions entered into by the company and other wholly owned members of the Havas S.A. group are not disclosed within the notes to the financial statements.

#### 1.2 Going concern

The directors of Havas S.A., the ultimate parent company, have confirmed that they will support the company to enable it to meet its third party liabilities as they fall due for a period of at least twelve months from the date of the approval of these financial statements, accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

##### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

##### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

##### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs. At subsequent reporting periods, the basic financial assets receivable within one year are measured at the undiscounted amount of the cash or other consideration that the company expects to receive.

Basic financial assets that constitute financing transactions, in accordance with FRS 102 paragraph 11.13, are measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial assets that meet the conditions in FRS102 paragraph 11.8 (b) are initially recognised at the transaction price and are subsequently measured at amortised cost using the effective interest method.

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies that are payable within one year or less, other than those that constitute a financing transaction in accordance with FRS 102 paragraph 11.13, are initially recognised at the transaction price and, except for those financial liabilities that meet the conditions in FRS102 paragraph 11.8 (b), are subsequently measured at the undiscounted amount of the cash or other consideration that the company expects to pay. Basic financial liabilities that constitute a financing transaction in accordance with FRS 102 paragraph 11.13 are measured at the present value of the future disbursements discounted at a market rate of interest.

Basic financial liabilities that meet the conditions in FRS102 paragraph 11.8 (b) are initially recognised at the transaction price and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### 1.9 Taxation

##### **Current tax**

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

##### **Deferred tax**

Deferred taxation is recognised in respect of the cumulative timing differences that have originated but not reversed at the balance sheet date where transactions or events that will result in an obligation to pay more, or a right to pay less, or to receive more, tax, have occurred at that date. Timing differences are differences between the company's taxable profit 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 assets, including unrelieved tax losses carried forward, are recognised only to the extent that the directors consider that on the balance of the available evidence, it is more likely than not that there will be sufficient 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 are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

#### 1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### 1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £000	2015 £000
<b>Turnover</b>		
Rental Income	-	450
Management Fees	314	481
	<u>314</u>	<u>931</u>

#### Turnover analysed by geographical market

	2016 £000	2015 £000
United Kingdom	-	450
Rest of Europe	314	481
	<u>314</u>	<u>931</u>



# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 4 Operating loss

	2016 £000	2015 £000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses / (gains)	201	(12)
Operating lease charges	-	518

#### 5 Auditors' remuneration

The fees payable to the company's auditor of £4,000 (2015: £4,000) for the audit of the company's annual accounts is borne by another group undertaking.

#### 6 Employees

The company had no employees during 2016 or during the prior year.

The directors were remunerated by fellow group companies in 2016 and in the prior year.

#### 7 Interest receivable and similar income

	2016 £000	2015 £000
<b>Interest income</b>		
Interest on bank deposits	305	22
Interest receivable from group companies	84	92
Total interest revenue	389	114
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	31,119	39,774
Total income	31,508	39,888

Disclosed on the profit and loss account as follows:

Income from shares in group undertakings	31,119	39,774
Interest receivable from group undertakings	84	92
Other interest receivable and similar income	305	22

#### 8 Interest payable and similar expenses

	2016 £000	2015 £000
Interest on bank overdrafts and loans	-	105
Interest payable to group undertakings	963	1,024
Interest on other loans	5	-
Unwinding of discount on provisions	453	1,077
	1,421	2,206

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 9 Amounts written off investments

	2016 £000	2015 £000
Other gains and losses	2,399	(10,796)

This is the movement in the provision against investments (note 13).

### 10 Taxation

	2016 £000	2015 £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	(281)	(182)
Adjustments in respect of prior periods	(24)	-
Total current tax	(305)	(182)
<b>Deferred tax</b>		
Origination and reversal of timing differences	60	(60)
Total tax charge	(245)	(242)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £000	2015 £000
Profit before taxation	30,541	26,687
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	6,108	5,404
Tax effect of expenses that are not deductible in determining taxable profit	224	3
Tax effect of income not taxable in determining taxable profit	(6,224)	(8,054)
Adjustments in respect of prior years	36	-
Effect of revaluations of investments	(480)	2,187
Unwinding of discount on provisions not deductible	91	218
Tax expense for the year	(245)	(242)

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 11 Dividends

	2016 £000	2015 £000
Final paid	-	15,000

### 12 Tangible fixed assets

	Assets under construction £000
<b>Cost</b>	
At 1 January 2016	1,162
Additions	9,152
At 31 December 2016	10,314
<b>Depreciation and impairment</b>	
At 1 January 2016 and 31 December 2016	-
<b>Carrying amount</b>	
At 31 December 2016	10,314
At 31 December 2015	1,162

Included in assets under construction are costs of £10,314,000 (2015 : 1,162,000) relating to the group's "Havas Village" property project. The property, in Kings Cross, London, opened in January 2017 at which point the assets under construction at 31 December 2016 were reclassified into other tangible fixed asset categories. The assets will be depreciated over the shorter of the remaining length of the lease or the asset's useful life.

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 13 Fixed asset investments

	Notes	2016 £000	2015 £000
Investments in subsidiaries	14	549,584	542,173

#### Movements in fixed asset investments

	Shares £000
<b>Cost or valuation</b>	
At 1 January 2016	605,698
Additions	5,012
At 31 December 2016	610,710
<b>Impairment</b>	
At 1 January 2016	63,525
Impairment losses	(2,399)
At 31 December 2016	61,126
<b>Carrying amount</b>	
At 31 December 2016	549,584
At 31 December 2015	542,173

On 15 March 2016, the company acquired the remaining 40% of the shares in Marcomms Group Limited that it did not previously own, accordingly Marcomms Group Limited is now a wholly owned subsidiary of the company and ultimately, Havas S.A.. The carrying value of the company's investment in Marcomms Group Limited at 31 December 2015 included the discounted cost of this additional investment except for an additional cost of £8,000 arising as a result of a variation to the expected transaction.

On 21 April 2016, the company subscribed for an additional 174,999 £1 shares in the company's wholly owned subsidiary, Adcity UK Limited.

The company's investment in Creative Lynx Group Limited was increased by £2,601,000 in respect of additional deferred consideration costs arising after a recalculation of the variable future acquisition costs that are based on Creative Lynx Group Limited's consolidated statutory results.

The company's investment in Just Health Communications Limited was increased by £32,000 during 2016 to include certain additional costs directly relating to the original 2015 acquisition, and by a further £669,000 in respect of additional deferred consideration costs arising after a recalculation of the variable future acquisition costs that are based on Just Health Communications Limited's statutory results.

The company's investment in One Green Bean London Limited was increased by £1,527,000 in respect of additional deferred consideration costs arising after a recalculation of the variable future acquisition costs that are based on One Green Bean London Limited's statutory results.

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shareholding	% Held Direct
Adcity UK Limited	England & Wales	Advertising agency	Ordinary shares	100
Affiperf Limited	England & Wales	Media buying agency	Ordinary shares	100
Arnold London Limited	England & Wales	Dormant	Ordinary shares	100
Chandos Communications Limited	England & Wales	Advertising agency	Ordinary shares	100
Creative Lynx Group Limited	England & Wales	Holding company	Ordinary shares	60
EWDB Limited	England & Wales	Holding company	Ordinary shares	100
Havas EHS Discovery Limited	England & Wales	Data management	Ordinary shares	100
Havas Holdings Limited	England & Wales	Holding company	Ordinary shares	77
Havas People Limited	England & Wales	Advertising agency	Ordinary shares	100
Havas Shared Services Limited	England & Wales	Holding company	Ordinary shares	100
Health 4 Brands MSC Limited	England & Wales	Dormant	Ordinary shares	100
Inquanta Limited	England & Wales	Dormant	Ordinary shares	100
Just Health Communications Limited	England & Wales	Advertising agency	Ordinary shares	60
Marcomms Group Limited	England & Wales	Holding company	Ordinary shares	100
Moon Street Limited	England & Wales	Property transactions	Ordinary shares	100
One Green Bean London Limited	England & Wales	Advertising agency	Ordinary shares	51
Skybridge Group Limited	England & Wales	Dormant	Ordinary shares	100
Snyder Direct Limited	England & Wales	Holding company	Ordinary shares	100

#### 15 Debtors

	2016 £000	2015 £000
<b>Amounts falling due within one year:</b>		
Other debtors	2,810	60
Prepayments and accrued income	430	137
	<u>3,240</u>	<u>197</u>
Deferred tax asset (note 16)	-	60
	<u>3,240</u>	<u>257</u>
<b>Amounts falling due after one year:</b>		
Amounts due from subsidiary undertakings	680	680
	<u>680</u>	<u>680</u>
<b>Total debtors</b>	<u>3,920</u>	<u>937</u>

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 15 Debtors

(Continued)

Included within amounts due from subsidiary undertakings are loans repayable with not less than one years notice, which are considered long term debtors.

One loan of £500,000 (2015 : 500,000) is repayable on 31 December annually, but is automatically renewed for a further period of one year unless either party gives at least 3 months written notice before the end of the current term of its intention to terminate the loan. Interest on the loan is charged at a rate of 2% over three month LIBOR. A second loan of £180,000 (2015 : £180,000) is repayable on 29 May 2018 and carries interest at 3 percent over base rate, Interest is accrued on a daily basis and is paid six monthly in arrears.

The financial assets held at amortised cost at 31 December 2016 amount to £3,490,000 (2015 - £740,000).

#### 16 Deferred taxation

The following is the major deferred tax asset recognised by the company and movements thereon:

	<b>Assets</b>	<b>Assets</b>
	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Balances:</b>		
Short-term timing differences	-	60
	==	==
<b>Movements in the year:</b>		<b>2016</b>
		<b>£000</b>
Liability/(Asset) at 1 January 2016		(60)
Charge to profit or loss		60
		==
Liability at 31 December 2016		-
		==

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 17 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Loans and overdrafts	27,840	6,086
Trade creditors	113	28
Amounts due to subsidiary undertakings	-	34,762
Amounts due to fellow group undertakings	25,993	25,524
Corporation tax	6,845	3,393
Other creditors	55	61
Accruals and deferred income	705	194
	<u>61,551</u>	<u>70,048</u>

The financial liabilities held at amortised cost at 31 December 2016 amount to £26,161,000 (2015 - £60,375,000).

Amounts due to subsidiary undertakings are unsecured, incur interest at normal commercial rates and are repayable on demand.

Included in amounts due to fellow group undertakings is a liability of £24,437,000 (2015 : £23,968,000) which is unsecured, incurs interest at normal commercial rates and is repayable on demand. The remaining liabilities owed to fellow group undertakings of £1,556,000 (2015 : £1,556,000) are unsecured, interest free and are repayable on demand.

### 18 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Other creditors	<u>20,958</u>	<u>23,701</u>

These creditors relate to the provision for the future discounted cost of investments which are due for payment at a future date on earnout and buyout acquisition agreements.

### 19 Provisions for liabilities

	2016 £000	2015 £000
Property Provision	<u>250</u>	<u>250</u>

The property provision is in respect of costs that may arise following the cessation of a time expired property lease.

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 20 Share capital

	2016 £000	2015 £000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2,276,986 Ordinary Shares of £100 each	227,699	227,699

All shares rank pari passu in all respects.

### 21 Capital redemption reserve

	2016 £000	2015 £000
At beginning and end of year	196,651	196,651

### 22 Profit and loss reserves

	2016 £000	2015 £000
At the beginning of the year	25,923	13,994
Profit for the year	30,786	26,929
Dividends	-	(15,000)
At the end of the year	56,709	25,923

### 23 Financial commitments, guarantees and contingent liabilities

The company, who is the controlling party and certain other group undertakings participate in the Havas UK Limited group banking facility. 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.

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £000	2015 £000
Between two and five years	30,696	-
In over five years	91,902	-
	122,598	-



# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 24 Operating lease commitments

(Continued)

On 22 July 2016 the Company agreed a 15 year lease on a 165,000 square feet office accommodation next to St Pancras Station in London at annual rent of £9,617,000 with an incentive of 27 months' rent free, in order that the London based Havas agencies could come together under one roof in line with the group's "Havas Village" strategy. The fit out of the building was on time and our UK group agencies began to occupy the building in January 2017.

In accordance with the accounting treatment for operating leases specified in FRS102, rental lease costs were not charged to the Company's profit and loss account in 2016 as occupation did not occur until 2017. Going forward, the Company will recharge any property costs, including rent, that it incurs in respect of the Havas Village property at cost to other companies in the UK group.

#### 25 Related party transactions

##### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of services	
	2016 £000	2015 £000
Entities over which the entity has control, joint control or significant influence	-	161
	<u>          </u>	<u>          </u>
	Interest receivable on loan	
	2016 £000	2015 £000
Entities over which the entity has control, joint control or significant influence	3	16
	<u>          </u>	<u>          </u>
	3	16
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties 2016		Amounts owed by related parties 2015	
	Balance £000	Net £000	Balance £000	Net £000
Entities over which the entity has control, joint control or significant influence	183	183	680	680
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	183	183	680	680
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

No guarantees have been given or received other than the group banking facility cross guarantee disclosed in note 23.

# HAVAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 26 Events after the reporting date

On 22 July 2016 the Company agreed a 15 year lease on a 165,000 square feet office accommodation next to St Pancras Station in London at annual rent of £9,617,000 with an incentive of 27 months' rent free, in order that the London based Havas agencies could come together under one roof in line with the group's "Havas Village" strategy. The fit out of the building was on time and our UK group agencies began to occupy the building in January 2017.

In accordance with the accounting treatment for operating leases specified in FRS102, rental lease costs were not charged to the Company's profit and loss account in 2016 as occupation did not occur until 2017. Going forward, the Company will recharge any property costs, including rent, that it incurs in respect of the Havas Village property to other companies in the UK group.

Included in the Company's fixed assets at 31 December 2016 are assets in the course of construction of £10,314,000. On occupation of the building in January 2017, the assets were reclassified into other tangible fixed asset categories. The assets will be depreciated over the shorter of the length of the lease or the asset's useful life.

#### 27 Controlling party

The company's immediate 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, and from the Havas website at [www.havas.com/finance](http://www.havas.com/finance).