

Registration number 04028821

Creative Lynx Limited
Directors' report and financial statements
for the period ended 31 December 2011

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Creative Lynx Limited

Company information

Directors	N Martin D Hunt D Murphy N Orme E Stapor
Secretary	A J Ross
Company number	04028821
Registered office	Concorde House 10-12 London Road Maidstone Kent ME16 8QF
Auditors	Constantin 25 Hosier Lane London EC1A 9LQ

Creative Lynx Limited

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Creative Lynx Limited

Directors' report for the period ended 31 December 2011

The directors present their report and the financial statements for the period ended 31 December 2011

Principal activity and review of the business

The principal activity of the company continued to be that of a digital, marketing and creative agency, specialising in the Health, Education and Public sectors

The accounting reference date was changed to 31 December from 30 April. The first accounting period is from 1 May 2011 to 31 December 2011.

The current uncertainty about the global economy for 2013 does not raise undue concern for Creative Lynx Limited given our recent strong performance, current forecasts and the pipeline of work for 2013.

Results and dividends

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

The directors have paid an interim dividend amounting to £305,415 and they do not recommend payment of a final dividend.

Post balance sheet events

Subsequent to the balance sheet date the ultimate ownership of the company was transferred to the Havas group of companies. This was effected in May 2012 by means of a majority acquisition.

Future developments

We anticipate a continuation of sustainable growth across all our core disciplines in line with the last three years, both in terms of new business and further development of existing clients.

The new offerings the company has developed, specifically in relation to social listening and strategy are expected to aid further growth.

Principal risks and uncertainties

Risks are reviewed by the board and appropriate processes are put in place to monitor and mitigate them. The key risks are set out below.

Financial risk

The Company manages these risks internally and does not use derivative financial instruments.

Liquidity risk

Sufficient funds are held by the Company to ensure that liabilities can be settled as they fall due.

Creative Lynx Limited

Directors' report for the period ended 31 December 2011

Directors

The directors who served during the period are as stated below

N Martin

D Hunt

S Crossley (resigned 24 May 2012)

D Whittingham (resigned 24 May 2012)

L Young (resigned 24 May 2012)

S Nicholas (resigned 24 May 2012)

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 period. 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 apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Creative Lynx Limited

**Directors' report
for the period ended 31 December 2011**

Auditors

Constantin were appointed auditors to the company and are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006

This report was approved by the Board on, and signed on its behalf by

22 Nov 2012



**N Martin
Director**

Independent auditor's report to the members of Creative Lynx Limited

We have audited the financial statements of Creative Lynx Limited for the period ended 31 December 2011 which comprise the Profit and Loss Account, 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).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Report, 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.

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 Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of 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 period 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

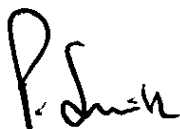
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of
Creative Lynx Limited**

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
- 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



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

**25 Hosier Lane
London
EC1A 9LQ**

Date 28 November 2012.

Creative Lynx Limited

**Profit and loss account
for the period ended 31 December 2011**

		Continuing operations	
		8 months ended 31/12/11	Year ended 30/04/11
	Notes	£	£
Turnover	2	4,774,383	5,360,715
Cost of sales		(2,604,305)	(3,254,755)
Gross profit		2,170,078	2,105,960
Administrative expenses		(1,057,788)	(1,148,013)
Operating profit	3	1,112,290	957,947
Other interest receivable and similar income	4	1,817	851
Interest payable and similar charges	5	(10,992)	(21,063)
Profit on ordinary activities before taxation		1,103,115	937,735
Tax on profit on ordinary activities	8	(333,648)	(250,881)
Profit on ordinary activities after taxation	16	769,467	686,854

There are no recognised gains or losses other than the profit or loss for the above two financial periods

The notes on pages 8 to 19 form an integral part of these financial statements.

Creative Lynx Limited

**Balance sheet
as at 31 December 2011**

		31/12/11		30/04/11	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9		801,633		844,969
Tangible assets	10		302,994		263,363
			<u>1,104,627</u>		<u>1,108,332</u>
Current assets					
Stocks	11	-		26,313	
Debtors	12	3,274,747		2,536,949	
Cash at bank and in hand		1,292,886		1,003,148	
			<u>4,567,633</u>	<u>3,566,410</u>	
Creditors: amounts falling due within one year	13	<u>(2,450,779)</u>		<u>(1,693,598)</u>	
Net current assets			<u>2,116,854</u>		<u>1,872,812</u>
Total assets less current liabilities			3,221,481		2,981,144
Creditors: amounts falling due after more than one year	14		(43,698)		(299,839)
Provisions for liabilities	8		<u>(32,426)</u>		<u>-</u>
Net assets			<u>3,145,357</u>		<u>2,681,305</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account	16		3,145,257		2,681,205
Shareholders' funds	17		<u>3,145,357</u>		<u>2,681,305</u>

The financial statements were approved by the Board on and signed on its behalf by

L 22 Nov 2012



N Martin
Director

Registration number 04028821

The notes on pages 8 to 19 form an integral part of these financial statements.

Creative Lynx Limited

Notes to the financial statements for the period ended 31 December 2011

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents amounts receivable for goods and services provided net of VAT and discounts. Turnover is recognised on contracts, if the final outcome can be assessed with reasonable certainty, by recognising in the profit and loss account turnover and related costs as contract activity progresses

1.3. Goodwill

Goodwill, being the amount paid in connection with the acquisition of Creative Lynx Partnership in 2004, is being amortised evenly over its estimated useful life of 20 years

1.4. Cash flow statement

In accordance with Financial Reporting Standard No 1, the company has taken advantage of the exemption for subsidiary undertakings, whose 90% or more voting rights are controlled within a group, from the requirement to prepare a cash flow statement, as the consolidated financial statements in which the company is included are publicly available

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Leasehold improvements	-	20% straight line
Computer equipment	-	33% straight line
Fixtures, fittings and equipment	-	25% reducing balance
Motor vehicles	-	25% reducing balance

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.7. Related party transactions

In accordance with Financial Reporting Standard No 8, the company has taken advantage of the exemption for subsidiary undertakings, whose 100% of voting rights are controlled within a group, from the requirement to disclose related party transactions

Creative Lynx Limited

Notes to the financial statements for the period ended 31 December 2011

1.8. Stock and work in progress

Work in progress represents the lower of cost incurred on contracts that are not sufficiently complete to recognise profit

1.9. Amounts recoverable on contracts

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account

Amounts recoverable on contracts, which are included in debtors, are stated at the net sales value of the income recognised after provision for contingencies and anticipated future losses on contract, less amount invoiced on account

Where invoices raised exceed the value recognised the excess is included within accruals as deferred income

1.10. Pensions

The company operates a defined contribution pension scheme

The amount charged to the Profit and Loss Account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet

1.11. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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

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

1.12. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss Account

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

2. Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK

	8 months ended 31/12/11	Year ended 31/12/10
Geographical market		
UK	3,320,552	3,987,977
Europe	1,167,985	1,118,124
Rest of the World	285,846	254,614
	<u>4,774,383</u>	<u>5,360,715</u>

3. Operating profit

Operating profit is stated after charging/(crediting)

	8 months ended 31/12/11 £	Year ended 30/04/11 £
Depreciation and other amounts written off intangible assets	43,336	65,004
Depreciation and other amounts written off tangible assets	78,000	73,256
Loss on disposal of tangible fixed assets	-	1,252
Operating lease rentals		
- Land and buildings	123,310	97,997
- Office equipment	19,926	3,750
Auditors' remuneration	6,550	7,200
Net foreign exchange gain	<u>(43,579)</u>	<u>(54,269)</u>

4. Interest receivable and similar income

	8 months ended 31/12/11 £	Year ended 30/04/11 £
Bank interest	<u>1,817</u>	<u>851</u>

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

	8 months ended 31/12/11 £	Year ended 30/04/11 £
5. Interest payable and similar charges		
Interest payable on loans < 1 yr	7,703	-
On loans repayable between two and five years	-	17,631
Hire purchase interest	3,289	3,432
	<u>10,992</u>	<u>21,063</u>
6. Employees		
	8 months ended 31/12/11	Year ended 30/04/11
Number of employees		
The average monthly numbers of employees (including the directors) during the period were		
Directors	6	6
Production	76	66
	<u>82</u>	<u>72</u>
Employment costs	31/12/11 £	30/04/11 £
Wages and salaries	1,805,577	2,241,871
Social security costs	200,244	213,041
Pension costs-other operating charge	8,000	-
	<u>2,013,821</u>	<u>2,454,912</u>

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

	8 months ended 31/12/11 £	Year ended 30/04/11 £
6.1. Directors' remuneration		
Remuneration and other emoluments	346,765	420,744
Pension contributions	8,000	-
	<u>354,765</u>	<u>420,744</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>-</u>
Highest paid director	£	£
Amounts included above		
Emoluments and other benefits	71,485	72,917
Pension contributions	8,000	-
	<u>79,485</u>	<u>72,917</u>

7. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £8,000 (2010 - £nil).

There were no amounts outstanding at year end (2010 - £nil).

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

8. Tax on profit on ordinary activities

	8 months ended 31/12/11 £	Year ended 30/04/11 £
Analysis of charge in period		
Current tax		
UK corporation tax	301,222	251,012
Adjustments in respect of previous periods	-	(131)
Total current tax charge	<u>301,222</u>	<u>250,881</u>
Deferred tax		
Timing differences, origination and reversal	32,426	-
Total deferred tax	<u>32,426</u>	<u>-</u>
Tax on profit on ordinary activities	<u><u>333,648</u></u>	<u><u>250,881</u></u>

Factors affecting tax charge for period

The tax assessed for the period differs from the standard rate of corporation tax in the UK (26.00 per cent). The differences are explained below:

	£	£
Profit on ordinary activities before taxation	<u>1,103,115</u>	<u>937,735</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.00% (30 April 2011: 27.84%)	286,810	261,065
Effects of:		
Expenses not deductible for tax purposes	21,715	(358)
Adjustments to tax charge in respect of previous periods	-	(131)
Marginal relief	-	(9,741)
Depreciation for year in (excess of) / less than capital allowances	(7,303)	46
Current tax charge for period	<u><u>301,222</u></u>	<u><u>250,881</u></u>

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

8. Tax on profit on ordinary activities (continued)

Deferred tax	31/12/11 £	30/04/11 £
Capital allowances in excess of depreciation or depreciation in excess of capital allowances	32,426	-
Provision for deferred tax	<u>32,426</u>	<u>-</u>
Provision at 1 May 2011	-	
Deferred tax charge in profit and loss account	<u>32,426</u>	
Provision at 31 December 2011	<u>32,426</u>	

9. Intangible fixed assets

	Goodwill £
Cost	
At 1 May 2011	<u>1,300,000</u>
At 31 December 2011	<u>1,300,000</u>
Amortisation	
At 1 May 2011	455,031
Charge for period	<u>43,336</u>
At 31 December 2011	<u>498,367</u>
Net book values	
At 31 December 2011	<u>801,633</u>
At 30 April 2011	<u>844,969</u>

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

10 Tangible fixed assets	Leasehold improvements	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2011	95,400	244,727	52,971	146,942	540,040
Additions	35,175	67,365	15,091	-	117,631
Disposals	-	-	(19,311)	-	(19,311)
At 31 December 2011	<u>130,575</u>	<u>312,092</u>	<u>48,751</u>	<u>146,942</u>	<u>638,360</u>
Depreciation					
At 1 May 2011	26,598	164,100	32,547	53,432	276,677
On disposals	-	-	(19,311)	-	(19,311)
Charge for the period	17,410	36,493	8,385	15,712	78,000
At 31 December 2011	<u>44,008</u>	<u>200,593</u>	<u>21,621</u>	<u>69,144</u>	<u>335,366</u>
Net book values					
At 31 December 2011	<u>86,567</u>	<u>111,499</u>	<u>27,130</u>	<u>77,798</u>	<u>302,994</u>
At 30 April 2011	<u>68,802</u>	<u>80,627</u>	<u>20,424</u>	<u>93,510</u>	<u>263,363</u>

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	31/12/11		30/04/11	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Computer equipment	25,317	7,050	32,367	-
Motor vehicles	66,862	13,372	80,234	16,201
	<u>92,179</u>	<u>20,422</u>	<u>112,601</u>	<u>16,201</u>
11. Stocks			31/12/11	30/04/11
			£	£
Work in progress			<u>-</u>	<u>26,313</u>

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

12. Debtors	31/12/11	30/04/11
	£	£
Trade debtors	1,557,118	737,689
Amounts recoverable on long term contracts	307,992	332,155
Amounts owed by group undertakings	1,353,007	1,330,007
Other debtors	8,723	99,773
Prepayments and accrued income	47,907	37,325
	<u>3,274,747</u>	<u>2,536,949</u>
 13. Creditors: amounts falling due within one year	 31/12/11	 30/04/11
	£	£
Bank overdraft	5,401	202,365
Net obligations under finance leases and hire purchase contracts	29,744	29,743
Trade creditors	210,804	160,122
Corporation tax	552,285	251,063
Other taxes and social security costs	474,788	130,024
Directors' accounts	780	780
Other creditors	560	139,610
Accruals and deferred income	1,176,417	779,891
	<u>2,450,779</u>	<u>1,693,598</u>

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

14. Creditors: amounts falling due after more than one year	31/12/11	30/04/11
	£	£
Bank loan	-	237,647
Net obligations under finance leases and hire purchase contracts	43,698	62,192
	<u>43,698</u>	<u>299,839</u>
Hire purchase creditors are secured against the asset to which they relate		
Net obligations under hire purchase contracts		
Repayable within one year	29,744	29,743
Repayable between one and five years	43,698	62,192
	<u>73,442</u>	<u>91,935</u>
Included within liabilities falling due within one year	(29,744)	(29,743)
	<u>43,698</u>	<u>62,192</u>
15. Share capital	31/12/11	30/04/11
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
16. Equity Reserves		Profit and loss account
		£
At 1 May 2011		2,681,205
Profit for the period		769,467
Equity Dividends		(305,415)
At 31 December 2011		<u>3,145,257</u>

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

17. Reconciliation of movements in shareholders' funds	31/12/11	30/04/11
	£	£
Profit for the period	769,467	686,854
Dividends	(305,415)	(167,533)
	<u>464,052</u>	<u>519,321</u>
Opening shareholders' funds	2,681,305	2,161,984
Closing shareholders' funds	<u>3,145,357</u>	<u>2,681,305</u>

18. Financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	31/12/11	30/04/11	31/12/11	30/04/11
	£	£	£	£
Expiry date:				
Between one and five years	-	-	26,568	15,000
In over five years	<u>173,577</u>	<u>133,725</u>	<u>-</u>	<u>-</u>
	<u>173,577</u>	<u>133,725</u>	<u>26,568</u>	<u>15,000</u>

19. Post balance sheet events

Subsequent to the balance sheet date the ultimate ownership of the company was transferred to the Havas group of companies. This was effected in May 2012 by means of a majority acquisition.

Creative Lynx Limited

**Notes to the financial statements
for the period ended 31 December 2011**

20. Ultimate parent undertaking

At the balance sheet date, the immediate and ultimate parent undertaking and controlling party was Creative Lynx Group Limited, a company registered in England and Wales

The smallest and the largest group which produced consolidated financial statements that include the results of the company is that headed by Creative Lynx Group Limited, whose financial statements are available from Concorde House, 10 - 12 London Road, Maidstone, ME16 8QF

Subsequent to the events noted above, the ultimate parent undertaking and controlling party is Havas S A , a company incorporated in France