

A & R Edelman Limited

Registered number 03280816

Annual report and financial statements

30 June 2017



A & R Edelman Limited

Registered number: 03280816

Directors and advisers

Directors

I C Dobson
R Edelman

Company secretary

C Foxall

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

JP Morgan Chase Bank N.A
Chaseside
Bournemouth
BH7 7DB

Registered office

Southside
105 Victoria Street
London
SW1E 6QT

A & R Edelman Limited

Directors' report

For the year ended 30 June 2017

The directors present their report and the audited financial statements of A & R Edelman Limited (the 'company') for the year ended 30 June 2017.

Results and dividends

The profit for the financial year was £22,181 (2016: £82,774). The directors do not recommend the payment of a dividend for the year (2016: £nil). The company did not make any donations in 2017 or 2016.

Principal activities and review of the business

The principal activity of the company is the provision of communications marketing, public relations and corporate and social responsibility consultancy. Revenue and gross profits for 2017 were lower than 2016 due to a change in the mix of client work. The directors consider that the profit for the year and the financial position at 30 June 2017 are satisfactory, considering the reduction in clients.

The directors who held office during the year and up to the date of signing the financial statements are disclosed on page 1.

Future developments

The directors believe that the level of activity will continue at similar levels in the foreseeable future and that the company is in a good position to take advantage of any opportunities which may arise in the future.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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; 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.

The directors 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.

Disclosure of information to auditors

In the case of each director:

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and

A & R Edelman Limited

Directors' report (continued)

For the year ended 30 June 2017

Disclosure of information to auditors (continued)

(b) he/she 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 auditors are aware of that information.

Directors' indemnities

The ultimate parent company, Daniel J. Edelman Holdings, Inc., maintains liability insurance for the directors and officers of the company. The indemnity was in force during the last financial year and is currently in force.

Small companies' exemption

The directors' report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company can be broadly grouped as business risk, competitive risk and financial risk.

Business risk

During any downturn in the United Kingdom economy, spending constraints of clients may significantly impact service-providing companies. The potential impact on the company will continue to be assessed on an ongoing basis. Business continuity plans are in place in case of technology disruption or lack of access to the premises. On 23 June 2016 Britain voted to leave the European Union. The full impact of this decision on our clients and their budgets still remains unclear, however we are monitoring this risk on an ongoing basis.

Competitive risk

The company seeks to mitigate its exposure to increased competition and the possibility of adverse market conditions by maintaining a wide portfolio of clients in different sectors who require a variety of Public Relations services.

Financial risk management

Credit risk

The company aims to mitigate liquidity risk by managing cash generation of its operations and operating cash collection targets across the company as well as performing credit checks on all new clients. The company's cash deposits are held with JP Morgan Chase Bank, NA.

Foreign exchange risk

Whilst all turnover is generated in the UK, the company does earn some of its turnover in currencies other than sterling. It seeks to manage the exposure to fluctuations in exchange rates by having contracts in place which allow for fee adjustments should the exchange rate fluctuate by more than a reasonable percentage. The company also seeks to minimise its holdings of currencies other than sterling.

Liquidity and cash flow risk

The company is part of a group cash pooling arrangement that gives it access to funds to mitigate the cash flow risk. The company forecasts and monitors its cash flows on an ongoing basis to manage this risk.

Approved by the board and signed by its order on 28th March 2018.



C Foxall
Company secretary

A & R Edelman Limited

Independent auditors' report to the members of A&R Edelman Limited

Report on the audit of the financial statements

Opinion

In our opinion, A&R Edelman Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2017; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below:

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of A&R Edelman Limited

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

We have no exceptions to report arising from this responsibility.

Gemma Clark

Gemma Clark (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28th March 2018

A & R Edelman Limited

Profit and loss account

for the year ended 30 June 2017

	Note	2017 £	2016 £
Turnover	5	1,638,927	1,836,115
Cost of sales		(1,630,939)	(1,806,956)
Gross profit		<u>7,988</u>	<u>29,159</u>
Administrative expenses	6	18,978	73,751
Operating profit	6	<u>26,966</u>	<u>102,910</u>
Interest receivable and similar income	7	1,021	1,330
Interest payable and similar charges	8	(52)	-
Profit on ordinary activities before taxation		<u>27,935</u>	<u>104,240</u>
Tax on profit on ordinary activities	12	(5,754)	(21,466)
Profit for the financial year		<u><u>22,181</u></u>	<u><u>82,774</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has no other items of comprehensive income and therefore no separate statement of comprehensive income has been presented.

The notes on pages 9 to 16 form part of the financial statements.

A & R Edelman Limited

Balance sheet

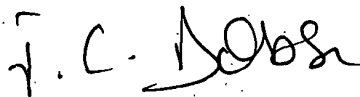
at 30 June 2017

Registered number 03280816

	Note	2017 £	2016 £
Current assets			
Stocks	13	25,371	54,561
Debtors	14	2,523,180	2,516,197
		<u>2,548,551</u>	<u>2,570,758</u>
Creditors: amounts falling due within one year	15	(77,519)	(121,907)
		<u>2,471,032</u>	<u>2,448,851</u>
Net current assets			
		<u>2,471,032</u>	<u>2,448,851</u>
Net assets			
		<u>2,471,032</u>	<u>2,448,851</u>
Capital and reserves			
Called up share capital	16	100	100
Capital contribution reserve		293,490	293,490
Profit and loss account		2,177,442	2,155,261
		<u>2,471,032</u>	<u>2,448,851</u>
Total shareholder's funds		<u>2,471,032</u>	<u>2,448,851</u>

These financial statements have been prepared in accordance with the provisions of a small company.

The financial statements on pages 6 to 16 were approved by the directors on 28th March 2018 and are signed on their behalf by:



I C Dobson
Director

A & R Edelman Limited

Statement of changes in equity

For the year ended 30 June 2017

Registered number 03280816

	Called up share capital	Capital contribution reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£
At 1 July 2016	100	293,490	2,155,261	2,448,851
Profit for the financial year	-	-	22,181	22,181
Total comprehensive income for the year	-	-	22,181	22,181
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
At 30 June 2017	100	293,490	2,177,442	2,471,032

	Called up share capital	Capital contribution reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£
At 1 July 2015	100	293,490	2,072,487	2,366,077
Profit for the financial year	-	-	82,774	82,774
Total comprehensive income for the year	-	-	82,774	82,774
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
At 30 June 2016	100	293,490	2,155,261	2,448,851

A & R Edelman Limited

Notes to the financial statements

for the year ended 30 June 2017

1. General information

A&R Edelman Limited ("the Company") operates to offer a range of services, including: communications marketing; public relations; environmental, healthcare and hi-tech communications; corporate and social responsibly consulting. The company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Southside, 105 Victoria street, London, SW1E 6QT.

2. Statement of compliance

The company financial statements of A&R Edelman Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. FRS 102 allows a qualifying entity certain disclose exemptions. The company has taken an exemption from the requirement to prepare a statement of cash flows.

Going concern

The company meets its day to day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. The company's forecasts and projections, taking account of reasonably possibly changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover and revenue recognition

The company recognises turnover when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to each of the company's sales channels have been met, as described below.

Turnover represents amounts receivable for services net of value added tax and trade discounts.

Revenue is normally recognised at the point at which the service is provided and the value can be determined. In those instances where there is no formal arrangement in place, however the services have begun, the revenue is deferred until the arrangement is formalised. To the extent that services have been invoiced but the service has not been provided in the financial year covered by these financial statements, that revenue will be held as deferred income until the service has been provided.

Unbilled revenue on client assignments is included as accrued income within trade and other receivables. Where individual on account billings exceed revenue recognised and costs incurred to date on client assignments, the excess is classified as deferred income within trade and other payables. These timing differences can arise where there are differences between billing arrangements (i.e. invoicing) and the timing of the delivery of the service and thus the revenue recognition. Resulting in either assets or liabilities. Any assets arising relating to accrued income are investigated and written off immediately if deemed irrecoverable. Liabilities relating to deferred income are held for a period of up to two years during which time they are written back to revenue if, after investigation it is found that no further liability exists.

Costs of sales comprise third party costs incurred to service client projects. Therefore gross profit represents net fees and commissions earned during the year.

Interest

Interest receivable and payable are recorded in the profit and loss account as they accrue.

Notes to the financial statements (continued)

for the year ended 30 June 2017

3. Accounting policies (continued)

Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits such as employee health and travel insurance, are recognised as an expense in the period in which the service is received.

(ii) *Defined contribution pension plans*

The company operates a defined contribution scheme for directors and employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Stocks

Stocks consist of work in progress, which represents unbilled third-party direct costs and is valued at the lower of cost and net realisable value, after reviewing for impairments.

Foreign currencies

(i) *Functional and presentation currency*

The company's functional and presentation currency is the pound sterling.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Notes to the financial statements (continued)

for the year ended 30 June 2017

3. Accounting policies (continued)

Capital contribution reserve

The capital contribution reserve is stated at the value of additional funds contributed to the company by the shareholders.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed from group and parent undertakings are initially recognised at transaction price.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss. The impairment charge was originally recognised in the same accounts.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts owed to group and parent undertakings are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(ii) *Offsetting*

Financial assets and liabilities are offset and 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.

4. Critical judgements and estimation uncertainty

(a) *Critical judgements in applying the group's accounting policies*

Revenue recognition judgements are detailed in the accounting policy note. The company reviews the work that has been completed to determine the amount of revenue that should be recognised based on the stage of completion.

Judgements are made when assessing the accruals and provisions included within the financial statements. The consequent impairments of debtors and work in progress are shown within the operating profits note.

(b) *Key accounting estimates and assumptions*

The company has reviewed its debtors and work in progress and made provision for impairments as deemed necessary.

5. Turnover

Turnover, gross profit and profit on ordinary activities before taxation and net assets, is attributable to communications marketing, public relations and corporate and social responsibility consultancy. All turnover is generated in the United Kingdom.

A & R Edelman Limited

Notes to the financial statements (continued)

for the year ended 30 June 2017

6. Operating profit

Operating profit is stated after charging:

	2017	2016
	£	£
Impairment/ (Writeback) of stock	1,755	(4,038)
Gain on foreign exchange	(25,032)	(25,183)

The auditors' remuneration for audit (£14,128) and tax services (£6,000) for 2017 were borne by Daniel J. Edelman Limited. For 2016 the amounts were audit (£20,100) and tax services (£7,000).

The administrative expenses in the current year were a credit to the profit and loss account due to the gain on foreign exchange, offset by other administrative expenses. In the prior year they were a credit due to the write back of some previous year payroll and severance provisions no longer required (£27,403) and other provisions released (£13,396).

7. Interest receivable and similar income

	2017	2016
	£	£
Interest receivable from fellow group undertakings	975	829
Other interest receivable	46	501

8. Interest payable and similar charges

	2017	2016
	£	£
Other interest payable	52	-

9. Directors' emoluments

During the year, no emoluments were paid directly in respect of qualifying services of the directors (2016: £nil). However the directors received emoluments from other group undertakings in respect of their services to the group. Emoluments are disclosed in the financial statements of those group undertakings.

10. Staff costs

	2017	2016
	£	£
Wages and salaries	-	(951)
Social security costs	-	(6,135)
Other pension costs (note 17)	-	1,813
Severance costs	-	(3,467)

The costs in 2016 are credits as provisions were written back for severance payments and payroll provisions which were less than anticipated.

The average monthly number of employees during the year was as follows:

	2017	2016
	number	number
PR professional staff	-	1

A & R Edelman Limited

Notes to the financial statements (continued)

for the year ended 30 June 2017

11. Key management compensation

The company considers the key management to be the key management of Daniel J Edelman Limited. The compensation of key management is borne by and disclosed in the financial statements of Daniel J Edelman Limited.

12. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The standard rate of corporate tax in the United Kingdom was 19.75% (2016: 20%)

	2017 £	2016 £
Current tax:		
UK corporation tax on profits for the year	5,460	19,205
Adjustments in respect of previous periods	228	(3)
Withholding tax	-	1,021
	<u>5,688</u>	<u>20,223</u>
Deferred tax:		
Origination and reversal of timing differences	58	1,211
Changes in tax rates	8	32
	<u>66</u>	<u>1,243</u>
Deferred tax	66	1,243
Tax on profit on ordinary activities	<u>5,574</u>	<u>21,466</u>

(b) Factors affecting the current tax charge

The tax assessed for the year is higher (2016: is higher) than the standard rate of corporation tax in the UK of 19.75% (2016: 20%). These differences are reconciled below:

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>27,935</u>	<u>104,240</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.75% (2016: 20%)	5,517	20,848
Effects of:		
Non-deductible expenses	1	-
Effects of other reliefs	-	(432)
Adjustment in respect of previous periods	228	(3)
Tax rate changes	8	32
Withholding tax	-	1,021
Tax charge for the year	<u>5,754</u>	<u>21,466</u>

The standard rate of Corporation Tax in the UK was reduced from 20% to 19% from 1 April 2017. Accordingly, the effective UK tax rate applicable to the company for this accounting year was 19.75% (2016: 20%). The closing deferred tax balances have been calculated at 17% (2016: 18%) as this was the rate currently enacted in law at the balance sheet date for the period over which the deferred tax balances were expected to reverse.

In addition to the changes in rates of Corporation Tax disclosed above, further changes to the UK Corporation Tax system were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from April 2017. Further announcements were made in the Chancellor's Budget on 16 March 2016, further reducing the rate to 17% from April 2020. This was reconfirmed at the March 2017 Budget.

A & R Edelman Limited

Notes to the financial statements (continued)

for the year ended 30 June 2017

13. Stocks

	2017	2016
	£	£
Stocks	25,427	71,472
Less provision for impairments	(56)	(16,911)
	<u>25,371</u>	<u>54,561</u>

During the year £1,755 was charged to the profit and loss account for impairments (2016: £4,038 write backs).

14. Debtors

	2017	2016
	£	£
Trade debtors	138,177	340,915
Amounts owed by group undertakings	2,343,236	2,054,242
Other taxation and social security	41,542	120,749
Deferred tax	225	291
Prepayments and accrued income	-	-
	<u>2,523,180</u>	<u>2,516,197</u>

Amounts owed by group undertakings include £889,706 (2016: £730,424) held under a group cash pooling arrangement (note 18) which bears interest at a market rate. All other amounts owed by group undertakings are unsecured, non-interest bearing and are repayable under normal trading terms.

Trade debtors are shown after an impairment provision of £nil (2016: £nil).

	£
<i>Deferred tax asset</i>	
At 1 July 2016	291
Arising during the year (note 12)	(66)
At 30 June 2017	<u>225</u>

The amounts of deferred taxation assets recognised are as follows:

	2017	2016
	£	£
Accelerated capital allowances	225	291
Total deferred tax asset	<u>225</u>	<u>291</u>

The directors believe that the deferred tax assets will reverse in future years. £40 is expected to reverse in the next year.

A & R Edelman Limited

Notes to the financial statements (continued)

for the year ended 30 June 2017

15. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	18,310	19,179
Amounts owed to group undertakings	-	5,662
Corporation tax payable	24,893	22,817
Accruals and deferred income	34,316	74,249
	<u>77,519</u>	<u>121,907</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable under normal trading terms.

16. Called up share capital

	2017	2016
	£	£
<i>Authorised</i>		
100,000 (2016: 100,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted and fully paid</i>		
100 (2016: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

17. Pension contributions

In prior years the company has made contributions to a defined contribution pension scheme for certain employees. The contributions totalled £nil in the year (2016: £1,813) of which £nil (2016: £nil) remain outstanding.

18. Contingent liabilities

The company together with certain other Edelman group companies has entered into a cash pooling arrangement with JP Morgan Chase Bank, NA. JP Morgan Chase Bank, NA has the right to apply positive cash balances of the company against indebtedness or liabilities of any of the other companies named in the agreement. This facility is limited to the amount in an overdraft agreement with JP Morgan Chase Bank, NA which is guaranteed by Daniel J. Edelman Inc.

19. Related party transactions

The company has taken an exemption as per paragraph 33.1A of FRS102, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary.

20. Ultimate parent undertaking

The company's immediate parent undertaking is Daniel J. Edelman Inc. The directors' regard the ultimate controlling party as Daniel J. Edelman Holdings, Inc., a company registered in the United States which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the financial statements of both Daniel J. Edelman Inc and Daniel J. Edelman Holdings, Inc. can be obtained from 200 East Randolph Drive, Suite 6300, Chicago, Illinois, United States.

A & R Edelman Limited

Notes to the financial statements (continued)

for the year ended 30 June 2017

21. Financial instruments

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors (note 14)	138,177	340,915
Amounts owed by group undertakings (note 14)	2,343,236	2,054,242
Other debtors (note 14)	41,542	120,749
	<u>2,522,955</u>	<u>2,515,906</u>
Financial liabilities measured at amortised cost		
Trade creditors (note 15)	18,310	19,179
Amounts owed to group undertakings (note 15)	-	5,662
Accruals (note 15)	-	9,112
	<u>18,310</u>	<u>33,953</u>