

A & R Edelman Limited

Registered number 03280816

Annual report and Financial Statements

30 June 2013

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A & R Edelman Limited

Registered number 03280816

Directors and advisers

Directors

I Dobson
R Edelman

Company secretaries

R Payne
J Robinson

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 2013

The directors present their report and the audited financial statements of A & R Edelman Limited (the 'company') for the year ended 30 June 2013

Results and dividends

The profit for the financial year, amounted to £794,916 (2012 £53,276) The directors do not recommend the payment of a dividend for the year (2012 £nil)

Principal activities and review of the business

The principal activity of the company is the provision of public relations and corporate and social responsibility consultancy The directors consider that the profit for the year and the financial position at 30 June 2013 are satisfactory

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 to improve for the foreseeable future as more clients continue to be gained 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

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

A & R Edelman Limited

Directors' report

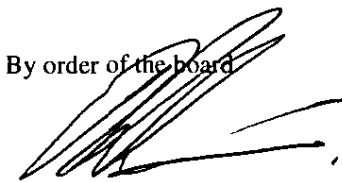
For the year ended 30 June 2013

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.

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

By order of the board



Jared Robinson
Company secretary
6 June 2014

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

We have audited the financial statements of A & R Edelman Limited (the 'company') for the year ended 30 June 2013 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).

Respective responsibilities of directors and auditors

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 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.

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.

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 to identify inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 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 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.

A & R Edelman Limited

Independent auditors' report to the members of A & R Edelman 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 returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Brian Henderson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

6 June 2014

A & R Edelman Limited

Profit and Loss Account

for the year ended 30 June 2013

	Note	2013 £	2012 £
Turnover	2	5,622,762	3,879,132
Cost of sales		(2,961,958)	(1,534,799)
Gross profit		<u>2,660,804</u>	<u>2,344,333</u>
Administrative expenses		(1,608,960)	(2,269,676)
Operating profit	3	<u>1,051,844</u>	<u>74,657</u>
Interest receivable and similar income	4	-	229
Interest payable and similar charges	5	(7,013)	(413)
Profit on ordinary activities before taxation		<u>1,044,831</u>	<u>74,473</u>
Tax on profit on ordinary activities	8	(249,915)	(21,197)
Profit for the financial year	12	<u><u>794,916</u></u>	<u><u>53,276</u></u>

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

The company had no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The notes on pages 8 to 14 form part of the financial statements

A & R Edelman Limited

Balance sheet

at 30 June 2013

Registered number 03280816

	Note	2013 £	2012 £
Current assets			
Stocks		280,445	183,528
Debtors	9	1,794,089	2,812,009
Cash at bank and in hand		816,905	51,579
		<u>2,891,439</u>	<u>3,047,116</u>
Creditors' amounts falling due within one year	10	<u>(1,113,759)</u>	<u>(2,064,352)</u>
Net current assets		<u>1,777,680</u>	<u>982,764</u>
Net assets		<u>1,777,680</u>	<u>982,764</u>
Capital and reserves			
Called up share capital	11	100	100
Capital contribution reserve	12	293,490	293,490
Profit and loss account	12	1,484,090	689,174
Total shareholder's funds	12	<u>1,777,680</u>	<u>982,764</u>

The financial statements on pages 6 to 14 were approved by the directors on 6 June 2014 and are signed on their behalf by



I C Dobson
Director

Notes to the financial statements

for the year ended 30 June 2013

1. Accounting policies

The following accounting policies have been applied consistently throughout the year

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. The principal accounting policies are set out below

Turnover and revenue recognition

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 evidence that an arrangement exists, revenue is deferred until the later of completion of the project or cash receipt. To the extent that services have been invoiced but the service has not been provided in the financial period covered by these financial statements, that revenue will be deferred until the service has been provided. Costs of sales comprise third party costs incurred to service client projects.

Pensions

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the year to which they relate. These contributions are invested separately from the company's assets.

Deferred taxation

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

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted, and
- deferred tax is measured on a non discounted basis at the average 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.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company.

Interest

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

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.

A & R Edelman Limited

Notes to the financial statements (*continued*)

for the year ended 30 June 2013

2. Turnover

All turnover is attributable to public relations and corporate and social responsibility consultancy. The analysis by geographical market is as follows:

	2013 £	2012 £
United Kingdom	5,622,762	3,879,132

3. Operating profit

Operating profit is stated after charging:

	2013 £	2012 £
Auditors' remuneration - audit services	15,608	20,950
- tax services	7,400	3,050
Loss on foreign exchange	91,753	34,740

4. Interest receivable and similar income

	2013 £	2012 £
Bank interest receivable	-	229

5. Interest payable and similar charges

	2013 £	2012 £
On bank overdrafts	1,915	413
Other interest payable	5,098	-

A & R Edelman Limited

Notes to the financial statements (*continued*)

for the year ended 30 June 2013

6. Directors' emoluments

During the year, no emoluments were paid directly in respect of qualifying services of the directors (2012 £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 Daniel J Edelman Limited

7. Staff costs

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Wages and salaries	865,351	1,238,712
Social security costs	101,251	130,189
Other pension costs (note 13)	13,956	13,872
	<u>980,558</u>	<u>1,382,773</u>

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

	<i>2013</i>	<i>2012</i>
	<i>number</i>	<i>number</i>
PR professional staff	16	24

A & R Edelman Limited

Notes to the financial statements *(continued)*

for the year ended 30 June 2013

8. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The standard rate of corporate tax in the United Kingdom was 23.75% (2012: 25.5%)

	2013	2012
	£	£
Current tax:		
UK corporation tax on profits for the year	236,998	25,190
Adjustments in respect of previous periods	2,736	4,611
	<u>239,734</u>	<u>29,801</u>
Deferred tax:		
Origination and reversal of timing differences	12,547	(5,142)
Adjustment in respect of previous periods	(2,575)	(4,359)
Changes in tax rates or laws	209	897
	<u>249,915</u>	<u>21,197</u>
Tax on profit on ordinary activities	<u><u>249,915</u></u>	<u><u>21,197</u></u>

(b) Factors affecting the current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.75% (2012: 25.5%). These differences are reconciled below

	2013	2012
	£	£
Profit on ordinary activities before taxation	1,044,831	74,473
	<u>1,044,831</u>	<u>74,473</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.75% (2012: 25.5%)	248,147	18,991
Effects of		
Non-deductible expenses	1,398	1,056
Short term timing differences	(12,394)	5,364
Accelerated capital allowances	(153)	(221)
Adjustment to tax charge in respect of previous periods	2,736	4,611
	<u>239,734</u>	<u>29,801</u>
Current tax charge	<u><u>239,734</u></u>	<u><u>29,801</u></u>

The standard rate of Corporation Tax in the UK was reduced from 24% to 23% from 1 April 2013. Accordingly, the effective UK tax rate applicable to the company for this accounting year was 23.75% (2012: 25.5%). The closing deferred tax balances have been calculated at 23% (2012: 24%) 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.

A & R Edelman Limited

Notes to the financial statements (*continued*)

for the year ended 30 June 2013

8. Tax on profit on ordinary activities (*continued*)

In addition to the changes in rates of Corporation Tax disclosed above, further changes to the UK Corporation Tax system were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015. As the changes had not been enacted or substantively enacted at the balance sheet date their effects are not included in these financial statements.

9. Debtors

	2013	2012
	£	£
Trade debtors	130,997	718,709
Amounts owed by parent and fellow group undertakings	1,659,728	1,795,484
Deferred Tax	1,786	11,967
Prepayments and accrued income	346	284,605
Other debtors	1,232	1,244
	<u>1,794,089</u>	<u>2,812,009</u>

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

	£
<i>Deferred tax asset</i>	
At 1 July 2012	11,967
Arising during the year	(12,756)
Adjustment in respect of previous periods	2,575
At 30 June 2013	<u>1,786</u>

The amounts of deferred taxation assets recognised are as follows

	2013	2012
	£	£
Other timing differences	1,112	11,109
Accelerated capital allowances	674	858
Total deferred tax asset	<u>1,786</u>	<u>11,967</u>

A & R Edelman Limited

Notes to the financial statements (*continued*)

for the year ended 30 June 2013

10. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	52,160	93,259
Amounts owed to parent and group undertakings	311,778	995,232
Other creditors including taxation and social security	170,767	208,642
Accruals and deferred income	579,054	767,219
	<u>1,113,759</u>	<u>2,064,352</u>

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

11. Called up share capital

	2013	2012
	£	£
<i>Authorised</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	2013	2012
	£	£
<i>Allotted and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12. Reconciliation of movements in shareholder's funds and reserves

	<i>Share capital</i>	<i>Capital Contribution Reserve</i>	<i>Profit and loss account</i>	<i>Total Shareholder's funds</i>
	£	£	£	£
At 1 July 2012	100	293,490	689,174	982,764
Profit for the financial year	-	-	794,916	794,916
At 30 June 2013	<u>100</u>	<u>293,490</u>	<u>1,484,090</u>	<u>1,777,680</u>

A & R Edelman Limited

Notes to the financial statements *(continued)*

for the year ended 30 June 2013

13. Pension contributions

The company has made contributions to a defined contribution pension scheme for certain employees. The contributions totalled £13,956 of which £nil remain outstanding (2012 £13,872 of which £nil remain outstanding at the year end)

14. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to disclose transactions with wholly owned group companies

15. Ultimate parent undertaking

The company's parent undertaking is Daniel J Edelman Inc and the undertaking the directors regard as the ultimate controlling party is 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