

A & R Edelman Limited

Registered number 03280816

Annual report and Financial Statements

30 June 2014

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COMPANIES HOUSE

A & R Edelman Limited

Registered number: 03280816,

Directors and advisers

Directors

I Dobson
R Edelman

Company secretary

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 2014

The directors present their report and the audited financial statements of A & R Edelman Limited (the 'company') for the year ended 30 June 2014.

Results and dividends

The profit for the financial year, amounted to £413,721 (2013: £794,916). The directors do not recommend the payment of a dividend for the year (2013: £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 2014 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;
- 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

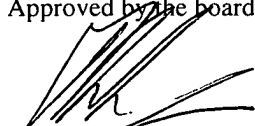
For the year ended 30 June 2014

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.

Approved by the board and signed by its order



J Robinson
Company secretary

2 April 2015

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

Report on the financial statements

Our opinion

In our opinion, A&R Edelman Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2014 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.
-

What we have audited

A&R Edelman Limited's financial statements comprise:

- the Balance sheet as at 30 June 2014;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. 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: 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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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:

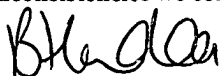
- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and financial statements 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.

In addition, we read all the financial and non-financial information in the Report and financial statements 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.



Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

2 April 2015

A & R Edelman Limited

Profit and Loss Account

for the year ended 30 June 2014

	Note	2014 £	2013 £
Turnover	2	5,678,799	5,622,762
Cost of sales		(3,680,441)	(2,961,958)
Gross profit		<u>1,998,358</u>	<u>2,660,804</u>
Administrative expenses		(1,460,562)	(1,608,960)
Operating profit	3	<u>537,796</u>	<u>1,051,844</u>
Interest receivable and similar income	4	550	-
Interest payable and similar charges	5	(279)	(7,013)
Profit on ordinary activities before taxation		<u>538,067</u>	<u>1,044,831</u>
Tax on profit on ordinary activities	8	(124,346)	(249,915)
Profit for the financial year	12	<u><u>413,721</u></u>	<u><u>794,916</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 2014

Registered number 03280816

	Note	2014 £	2013 £
Current assets			
Stocks		156,210	280,445
Debtors	9	3,056,300	1,794,089
Cash at bank and in hand		-	816,905
		<u>3,212,510</u>	<u>2,891,439</u>
Creditors: amounts falling due within one year	10	<u>(1,021,109)</u>	<u>(1,113,759)</u>
Net current assets		<u>2,191,401</u>	<u>1,777,680</u>
Net assets		<u>2,191,401</u>	<u>1,777,680</u>
Capital and reserves			
Called up share capital	11	100	100
Capital contribution reserve	12	293,490	293,490
Profit and loss account	12	1,897,811	1,484,090
Total shareholder's funds	12	<u>2,191,401</u>	<u>1,777,680</u>

The financial statements on pages 6 to 14 were approved by the directors on 2/4/2015 and are signed on their behalf by:



I C Dobson
Director

A & R Edelman Limited

Notes to the financial statements

for the year ended 30 June 2014

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 2014

2. Turnover

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

3. Operating profit

Operating profit is stated after charging:

	2014	2013
	£	£
Auditors' remuneration - audit services	19,192	15,608
- tax services	20,358	7,400
Loss on foreign exchange	57,028	91,753
	<u> </u>	<u> </u>

4. Interest receivable and similar income

	2014	2013
	£	£
Interest receivable from fellow group undertakings	550	-
	<u> </u>	<u> </u>

5. Interest payable and similar charges

	2014	2013
	£	£
On bank overdrafts	239	1,915
Interest payable to fellow group undertakings	40	-
Other interest payable	-	5,098
	<u> </u>	<u> </u>
	<u>279</u>	<u>7,013</u>

A & R Edelman Limited

Notes to the financial statements (*continued*)

for the year ended 30 June 2014

6. Directors' emoluments

During the year, no emoluments were paid directly in respect of qualifying services of the directors (2013: £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

	2014	2013
	£	£
Wages and salaries	840,938	865,351
Social security costs	66,362	101,251
Other pension costs (note 13)	15,519	13,956
	<u>922,819</u>	<u>980,558</u>

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

	2014	2013
	<i>number</i>	<i>number</i>
PR professional staff	12	16

A & R Edelman Limited

Notes to the financial statements (*continued*)

for the year ended 30 June 2014

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 22.50% (2013: 23.75%)

	2014	2013
	£	£
Current tax:		
UK corporation tax on profits for the year	121,844	236,998
Adjustments in respect of previous periods	1,197	2,736
	<u>123,041</u>	<u>239,734</u>
Deferred tax:		
Origination and reversal of timing differences	1,206	12,547
Adjustment in respect of previous periods	-	(2,575)
Changes in tax rates or laws	99	209
	<u>124,346</u>	<u>249,915</u>
Tax on profit on ordinary activities	<u><u>124,346</u></u>	<u><u>249,915</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 22.50% (2013:23.75%). These differences are reconciled below:

	2014	2013
	£	£
Profit on ordinary activities before taxation	538,067	1,044,831
	<u>538,067</u>	<u>1,044,831</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 22.50% (2013: 23.75%)	121,065	248,147
Effects of:		
Non-deductible expenses	1,985	1,398
Short term timing differences	(1,087)	(12,394)
Accelerated capital allowances	(119)	(153)
Adjustment to tax charge in respect of previous periods	1,197	2,736
	<u>123,041</u>	<u>239,734</u>
Current tax charge	<u><u>123,041</u></u>	<u><u>239,734</u></u>

The standard rate of Corporation Tax in the UK was reduced from 23% to 21% from 1 April 2014. Accordingly, the effective UK tax rate applicable to the company for this accounting year was 22.5% (2013: 23.75%). The closing deferred tax balances have been calculated at 20% (2013: 23%) 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 2014

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 20% from 1 April 2015.

9. Debtors

	2014	2013
	£	£
Trade debtors	522,690	130,997
Amounts owed by group undertakings	2,173,201	1,659,728
Deferred Tax	481	1,786
Prepayments and accrued income	250,826	346
Other taxation and social security	109,102	1,232
	<u>3,056,300</u>	<u>1,794,089</u>

Amounts owed by group undertakings include £1,601,151 (2013: nil) held under a group cash pooling arrangement (note 14) 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.

<i>Deferred tax asset</i>	£
At 1 July 2013	1,786
Arising during the year	(1,305)
At 30 June 2014	<u>481</u>

The amounts of deferred taxation assets recognised are as follows:

	2014	2013
	£	£
Other timing differences	481	1,112
Accelerated capital allowances	-	674
Total deferred tax asset	<u>481</u>	<u>1,786</u>

A & R Edelman Limited

Notes to the financial statements (*continued*)

for the year ended 30 June 2014

10. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	85,208	52,160
Amounts owed to undertakings	255,154	311,778
Corporation tax payable	153,458	170,767
Accruals and deferred income	527,289	579,054
	<u>1,021,109</u>	<u>1,113,759</u>

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

11. Called up share capital

	2014	2013
	£	£
<i>Authorised</i>		
100,000 (2013: 100,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted and fully paid</i>		
100 (2013: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

	<i>Called up Share capital</i>	<i>Capital Contribution Reserve</i>	<i>Profit and loss account</i>	<i>Total Shareholder's funds</i>
	£	£	£	£
At 1 July 2013	100	293,490	1,484,090	1,777,680
Profit for the financial year	–	–	413,721	413,721
At 30 June 2014	<u>100</u>	<u>293,490</u>	<u>1,897,811</u>	<u>2,191,401</u>

Notes to the financial statements (*continued*)

for the year ended 30 June 2014

13. Pension contributions

The company has made contributions to a defined contribution pension scheme for certain employees. The contributions totalled £15,519 of which £nil remain outstanding (2013: £13,956 of which £nil remain outstanding at the year end).

14. 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.

15. 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

16. 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.