

# Zeno Communications (UK) Limited

## Annual Report and Financial Statements

For the year ended 30 June 2016



Company Registration No. 05628110 (England and Wales)

# Zeno Communications (UK) Limited

## Company Information

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<b>Directors</b>	A P Blasco I C Dobson V A Malanga
<b>Secretary</b>	J W Robinson (resigned 29 November 2016)
<b>Company number</b>	05628110
<b>Registered office</b>	The Lightbox 3rd Floor, 127-133 Charing Cross Road London United Kingdom WC2H 0EW
<b>Independent auditors</b>	Pricewaterhouse Coopers LLP 1 Embankment Place London WC2N 6RH
<b>Bankers</b>	JP Morgan Chase Bank N.A Chaseside Bournemouth BH7 7DB

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# Zeno Communications (UK) Limited

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# Zeno Communications (UK) Limited

## Strategic Report

For the year ended 30 June 2016

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The directors present the strategic report and financial statements for the year ended 30 June 2016.

### Review of the business

The principal activity of the company continued to be that of a public relations service, with a core focus on clients within the Health and Technology sectors.

On 25 January 2016, the company acquired the group Jungle Communications (Holdings) Limited. The group included 3 Monkeys Communications Limited, a non specialist PR agency with large consumer and corporate practices. The group also included Galileo Digital Media (Resurrected) Limited, Agnostic PR Limited, and Gorilla Talk Limited, all of which are non-trading. The initial consideration was £5,986,092. There is potential for deferred consideration based on the future performance of the acquired business. £1,865,139 has been recognised as deferred consideration in notes 16 and 17. £263,992 of costs related to the acquisition were also treated as consideration. Further details can be found in note 21. In the period since the company has owned the business it has performed in line with expectations.

The acquisition grew the company's footprint in the UK by more than 400% in terms of both gross profit and headcount, and enabled the company to present an offering to clients that now includes specialist practices in Consumer and Corporate for the first time.

On 31 March 2016 the trade and assets of 3 Monkeys Communications Limited of £8,115,224 were purchased at fair value by the company, see details in note 23. Consequently the results for the company for the 3 month period from 1 April to 30 June 2016 include all business previously carried out by 3 Monkeys Communications Limited alongside that of the company.

2016 saw gross profit of £3,004,241 reported, an increase of 77% on 2015 from £1,699,033, primarily due the transfer of trade and assets from 3 Monkeys Communications Limited on 31 March 2016.

An operating loss of £343,677 (2015: profit of £110,579) was reported in 2016; this includes amortisation of £307,886 (2015: £nil) of intangible assets recognised on the transfer of trade and assets from 3 Monkeys Communications Limited on 31 March 2016. Therefore the underlying operating loss was £35,790 (2015: profit of £110,579). The decrease in underlying operating profit is due to extra costs associated with the acquisition of the group headed by Jungle Communications (Holdings) Limited, and subsequent merger of the Zeno and 3 Monkeys agencies and launch of the 3 Monkeys Zeno brand.

### Business environment

The public relations market in the United Kingdom is highly fragmented and competitive. In the PR week league tables 2016, which are the latest available figures, the total fees (gross profit) for the top 150 agencies in 2015 amounted to more than £1,056,000,000 compared with £1,002,000,000 in the prior year. Within this competitive market, on the back of the transfer of the trade and assets of 3 Monkeys Communications Limited, the company expects to achieve a Top 40 ranking in the 2017 PR Week league tables.

### Future developments

The company is in a strong position to take advantage of new business opportunities. The acquisition of Jungle Communications (Holdings) Limited, and subsequent transfer of all clients and employees of 3 Monkeys Communications Limited has been successful, and since the financial year end a number of new client wins have seen Gross Profit continue to grow. We are confident that the company will exceed its current level of performance in the future.

### Strategy

The company's overriding objective is to achieve attractive and sustainable rates of gross profit and operating profit growth primarily through maintaining and expanding its client base off the back of high quality work, and by leveraging its now much larger footprint within the UK public relations marketplace.

# Zeno Communications (UK) Limited

## Strategic Report (Continued)

For the year ended 30 June 2016

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### 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 Zeno Communications (UK) Limited will continue to be assessed on an ongoing basis. However, the company is currently continuing to secure new business and trade profitably (excluding amortisation costs).

The company has reviewed the business for potential successors for key management. If key management leave the company, the impact of their going is looked at to ensure that the company can maintain relationships with clients and that other staff can cover key areas of the business.

Business continuity plans are in place in case of technology disruption or lack of access to the premises. The company has expertise in business reputation that can be used if there are any issues arising for the company itself.

On 23 June 2016 Britain voted to leave the European Union. The full impact of this decision on our clients and their budgets is not yet clear. 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. No one client represents more than 15% of the company's fee income.

#### **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 the 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.

Further to the vote to leave the European Union, there has been a devaluation in sterling and an immediate period of exchange rate volatility. Depending on future developments exchange rates for sterling might remain more volatile.

##### **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.

# Zeno Communications (UK) Limited

## Strategic Report (Continued)

For the year ended 30 June 2016

### Key performance indicators

The KPIs used to manage and review the trading operations of the company are:

	2016	2015
Growth in gross profit (%)	77%	52%
Operating profit/(loss) margin before tax, interest, amortisation of intangible assets, and investment impairments	(1%)	7%
Employment costs to gross profit ratio	66%	61%

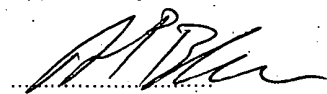
The primary KPI which drives operating profit margin is employment costs to gross profit ratio, with a target of 60%. In 2016 this was 66% but the Directors of the business are confident that this will be reduced in 2017 as the new, larger company demonstrates efficiencies through operating larger and more established sector practices within the company.

### Employees

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so their views can be taken in to account when making decisions that are likely to affect their interests. Employee's involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its position as a leading public relations agency.

The company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company seeks to continue employment, either in the same or, if appropriate, an alternative position.

Approved by the board and signed by its order on 3 August 2017



A P Blasco  
Director

# Zeno Communications (UK) Limited

## Directors' Report

For the year ended 30 June 2016

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The directors present their annual report and audited financial statements for the year ended 30 June 2016. These financial statements for the period ended 30 June 2016 are the first financial statements of Zeno Communications (UK) Limited prepared in accordance with section 1A of FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

### Principal activities

The principal activity of the company is the provision of public relations services.

### General information

The company is a private limited company incorporated in England and Wales. The company's immediate parent company is Zeno Group The Netherlands BV, and the undertaking the directors regard as the ultimate controlling party is Daniel J. Edelman Holdings, Inc., a company incorporated in the United States of America.

### Going concern

The directors confirm that they are satisfied that the company has adequate resources to continue in business for the foreseeable future. They have taken into account the company's trading performance, available facilities and have reviewed the forecast cash flows for at least twelve months from the signing of these financial statements. As a result the directors believe that preparing the financial statements on a going concern basis is appropriate. The directors have received confirmation that Daniel J. Edelman Holdings Inc., will support the company for at least one year from signing the financial statements.

### Directors

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

A P Blasco  
I C Dobson  
V A Malanga

### Dividends

The company did not pay a dividend in the year (2015: £nil).

### Charitable donations

The company made donations totalling £137 (2015: £100) to charities during the financial year.

### Qualifying third party indemnity provisions

The ultimate parent company, Daniel J. Edelman Holdings, Inc., maintained liability insurance throughout the year and up to the date of signature of the financial statements for the directors and officers of the company.

### Independent auditors

PricewaterhouseCoopers LLP were appointed auditors to the company for the year ended 30 June 2016, and have expressed their willingness to continue in office.

# Zeno Communications (UK) Limited

## Directors' Report (Continued)

For the year ended 30 June 2016

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### Statement of directors' responsibilities

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 18 month period. 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" Section 1A, and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A 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. 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

In the case of each director in office at the date the Directors' Report is approved:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small company's exemption.

Approved by the board and signed by its order on 3 August 2017



A P Blasco  
Director



# Zeno Communications (UK) Limited

## Independent Auditors' Report

### To the Members of Zeno Communications (UK) Limited

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#### Report on the financial statements

##### *Our opinion*

In our opinion, Zeno Communications (UK) 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### *What we have audited*

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 30 June 2016;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity 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 United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

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 matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

##### **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.

# Zeno Communications (UK) Limited

## Independent Auditors' Report

To the Members of Zeno Communications (UK) Limited

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### ***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 exceptions***

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. 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, 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.

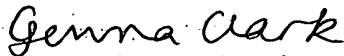
# Zeno Communications (UK) Limited

## Independent Auditors' Report (Continued)

To the Members of Zeno Communications (UK) Limited

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In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



**Gemma Clark** (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

3 August 2017

# Zeno Communications (UK) Limited

## Profit and Loss Account

For the year ended 30 June 2016

	Note	2016 £	2015 £
Turnover	3	3,787,655	2,177,192
Cost of sales		(783,414)	(478,159)
<b>Gross profit</b>		<b>3,004,241</b>	<b>1,699,033</b>
Administrative expenses		(3,347,918)	(1,588,454)
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(343,677)</b>	<b>110,579</b>
Interest receivable and similar income	8	426	218
Interest payable and similar charges	9	(206,193)	(54,753)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(549,444)</b>	<b>56,044</b>
Tax on (loss)/profit on ordinary activities	10	(1,684)	(14,200)
<b>(Loss)/profit for the financial year</b>		<b>(551,128)</b>	<b>41,844</b>
<b>Total comprehensive (expense)/income for the year</b>		<b>(551,128)</b>	<b>41,844</b>

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

# Zeno Communications (UK) Limited

## Balance Sheet

As at 30 June 2016

	Note	2016 £	2015 £
Intangible assets	11	4,304,521	-
Tangible assets	12	117,917	43,907
Investments	13	8,115,224	-
		12,537,662	43,907
<b>Current assets</b>			
Stocks	14	388,884	6,769
Debtors	15	5,058,300	600,419
Cash at bank and in hand		134,782	-
		5,581,966	607,188
<b>Creditors: amounts falling due within one year</b>	16	(4,359,743)	(1,006,999)
Net current assets/(liabilities)		1,222,223	(399,811)
<b>Total assets less current liabilities</b>		13,759,885	(355,904)
<b>Creditors: amounts falling due after more than one year</b>	17	(13,716,483)	-
<b>Provisions for liabilities</b>	18	(168,034)	-
<b>Net liabilities</b>		(124,632)	(355,904)
<b>Capital and reserves</b>			
Called-up share capital	20	15	14
Share premium account		782,399	-
Capital contributions		772,721	772,721
Profit and loss account		(1,679,767)	(1,128,639)
<b>Total shareholders deficit</b>		(124,632)	(355,904)

The notes to the financial statements are on pages 12-31 and form part of the financial statements. These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 9-31 were approved by the board of directors and authorised for issue on 3 August 2017 and are signed on its behalf by:

  
A P Blasco

Director

Company Registration No. 06528110

# Zeno Communications (UK) Limited

## Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Called up share capital £	Share premium account £	Capital contributions £	Profit and loss account £	Total £
<b>Balance at 1 July 2014</b>		14	-	772,721	(1,170,483)	(397,748)
<b>Year ended 30 June 2015:</b>						
Profit and total comprehensive income for the financial year		-	-	-	41,844	41,844
<b>Balance at 30 June 2015</b>		14	-	772,721	(1,128,639)	(355,904)
<b>Year ended 30 June 2016:</b>						
Loss and total comprehensive expense for the financial year		-	-	-	(551,128)	(551,128)
Issue of share capital	20	1	782,399	-	-	782,400
<b>Balance at 30 June 2016</b>		15	782,399	772,721	(1,679,767)	(124,632)

# Zeno Communications (UK) Limited

## Notes to the Financial Statements

For the year ended 30 June 2016

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### 1 Accounting policies

#### Company information

Zeno Communications (UK) Limited is a company limited by shares incorporated in England and Wales. The registered office is The Lightbox, 3rd Floor, 127-133 Charing Cross Road, London, United Kingdom, WC2H 0EW.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared on a going concern basis, under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements are the first financial statements of Zeno Communications (UK) Limited prepared in accordance with Section 1A of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Zeno Communications (UK) Limited for the year ended 30 June 2015 were prepared in accordance with the previous UK GAAP. The date of transition to Section 1A of FRS 102 was 1 July 2014.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

#### 1.2 Exemptions for qualifying entities under FRS 102

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.

Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Section 383 of the Company's Act 'Companies qualifying as small: parent companies' – the exemption of preparing consolidated accounts.

Zeno Communications (UK) Limited is a wholly owned subsidiary of Zeno Group The Netherlands BV and the results of Zeno Communications (UK) Limited are included in the consolidated financial statements of Zeno Group The Netherlands BV.

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

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### 1. Accounting policies (continued)

#### 1.3 Going concern

The financial statements are produced on the going concern basis. The directors believe that, despite the loss and net liability position for the year ended 30 June 2016, this is applicable as the company is able to meet all of its day to day working capital requirements. The directors have received confirmation that Daniel J. Edelman Holdings, Inc. will support the company for at least one year from signing the financial statements.

#### 1.4 Turnover

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. 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. Timing differences and billing discrepancies 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. These can result in debits or credits and thus assets and 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.

#### 1.5 Intangible assets and amortisation

Intangible assets, including goodwill, are stated at the lower of their cost or recoverable amount. Any permanent diminution in value is taken to the profit and loss account.

Goodwill has arisen from the transfer of trade from 3 Monkeys Communications Limited to Zeno Communications (UK) Limited. Amortisation of intangible assets is made on the following bases:

Goodwill	5 years straight line
Trademarks, customer lists and other intangible assets	3 years straight line



# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

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### 1 Accounting policies (continued)

#### 1.6 Tangible fixed assets

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

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

Leasehold improvements	Over the period of the lease
Fixtures, fittings and equipment	between 15% and 33.3% per annum
Computer equipment	33.3% per annum

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

##### *Subsequent additions and major components*

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

##### *Derecognition*

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

#### 1.7 Investments

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

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

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

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

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### 1 Accounting policies (continued)

#### 1.9 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.

#### 1.10 Cash and cash equivalents

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

#### 1.11 Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

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.

#### *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.

#### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

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### 1. Accounting policies (continued)

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.14 Provisions

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

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

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

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

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### 1. Accounting policies (continued)

#### 1.15 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.

#### 1.16 Leases

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

#### 1.17 Foreign exchange

##### *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.

#### 1.18 Interest

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

#### 1.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 1 Accounting policies (continued)

#### 1.20 Share premium account

The share premium account represents the amounts paid for the shares of the company above their nominal value.

#### 1.21 Capital contributions account

The capital contributions account represents the amounts paid to the company from other companies within the group, which are no longer treated as intercompany loans to the company.

#### 1.22 Deferred consideration

Deferred consideration on the acquisition of Jungle Communications (Holdings) Limited represents measurable anticipated future consideration payments, discounted at a 10% internal rate of return.

### 2 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 where applicable.

#### b. Key accounting estimates and assumptions

A provision has been made for further consideration due on the acquisition of Jungle Communications (Holdings) Limited. This is based on estimates and assumptions of future trading.

The company has reviewed the investments and made provision for impairments as necessary.

A valuation of the intangible assets of 3 Monkeys Communications Limited was made following the transfer of trade and assets from 3 Monkeys Communications Limited. The company has reviewed the intangible assets recognised on the transfer of the trade of 3 Monkeys Communications Limited and made provision for impairments as necessary.

A provision has been made for holiday pay, this was based on an estimate of the holidays owed to staff at the year end.

### 3 Turnover

Turnover, gross profit and profit before tax are generated entirely in the UK

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

	2016 £	2015 £
<b>Turnover</b>		
Public relations services in the UK	3,787,655	2,177,192

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 4 Operating (loss)/profit

	Note	2016 £	2015 £
Operating (loss)/profit for the year is stated after (crediting)/charging:			
Exchange gains		(19,209)	(3,542)
Auditors' remuneration - audit and tax services	5	108,023	11,210
Depreciation of owned tangible fixed assets	12	78,467	52,355
Amortisation of intangible assets	11	307,886	-
Operating lease charges		175,893	88,298

### 5 Auditors' remuneration

	2016 £	2015 £
Fees payable to the company's auditors and its associates:		
<b>For audit services</b>		
Audit of the company's financial statements	104,023	11,210
<b>For other services</b>		
Tax services	4,000	3,754

The auditors' remuneration includes the audit and tax fees for Jungle Communications (Holdings) Limited, 3 Monkeys Communications Limited, and Galileo Digital Media (Resurrected) Limited for 2016.

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
PR professional staff	26	15
Administrative	2	-
	<u>28</u>	<u>15</u>

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 6 Employees (continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,757,835	916,416
Social security costs	171,680	84,670
Other pension costs	46,270	36,326
	<u>1,975,785</u>	<u>1,037,412</u>

### 7 Directors' remuneration

During the year, no emoluments were paid in respect of qualifying services of the directors and key management personnel (2015: £nil). However the directors received emoluments from other group undertakings in respect of their services to the group. No share options were granted or exercised during the year (2015: £nil)

### 8 Interest receivable

	2016 £	2015 £
Interest receivable from group undertakings	<u>426</u>	<u>218</u>

### 9 Interest payable and similar charges

	2016 £	2015 £
Interest payable to group undertakings	126,832	54,753
Unwinding of discounted future cash flows in relation to payments due for the acquisition of Jungle Communications (Holdings) Limited	<u>79,361</u>	<u>-</u>
	<u>206,193</u>	<u>54,753</u>

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 10 Tax on (loss)/profit on ordinary activities

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits/(loss) for the current period	(15,562)	19,897
Tax relating to prior year adjustments recognised in profit or loss	1,350	(273)
<b>Total current tax</b>	<b>(14,212)</b>	<b>19,624</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	13,555	(5,878)
Adjustment in respect of previous years	4,684	242
Effect of changes in tax rates	(2,343)	212
<b>Total deferred tax</b>	<b>15,896</b>	<b>(5,424)</b>
<b>Total tax per profit and loss account</b>	<b>1,684</b>	<b>14,200</b>

The charge for the year can be reconciled to the (loss)/profit per the profit and loss account as follows:

	2016 £	2015 £
(Loss)/profit on ordinary activities before taxation	(549,444)	56,044
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)</i>	(109,889)	11,629
Tax effect of expenses that are not deductible in determining taxable profit	94,327	2,389
Change in unrecognised deferred tax assets	15,896	(5,424)
Permanent capital allowances in excess of depreciation	-	5,712
Adjustment in respect of prior years	1,350	(273)
Other non-reversing timing differences	-	167
<b>Tax charge for the year</b>	<b>1,684</b>	<b>14,200</b>



# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 11 Intangible assets

		Goodwill	Trademarks and customer lists	Other intangible assets	Total
	Note	£	£	£	£
<b>Cost</b>					
At 1 July 2015		-	-	-	-
Transfer of trade and assets	23	2,294,407	2,158,000	160,000	4,612,407
At 30 June 2016		2,294,407	2,158,000	160,000	4,612,407
<b>Accumulated amortisation and impairment</b>					
At 1 July 2015		-	-	-	-
Amortisation charged for the year		114,720	179,833	13,333	307,886
At 30 June 2016		114,720	179,833	13,333	307,886
<b>Carrying amount</b>					
At 30 June 2016		2,179,687	1,978,167	146,667	4,304,521
At 30 June 2015		-	-	-	-

The additions during the year represents the transfer of the trade of 3 Monkeys Communications Limited to the company on 31 March 2016. This was accounted for by the acquisition method. Assets and liabilities transferred under this arrangement totalled net assets of £3,502,817. No fair value adjustments were required. Where identifiable and measurable, specific intangible assets were recognised, as shown above, with the balance recognised as goodwill. Other intangible assets represents non-compete clauses in place over key management personnel. Total consideration was £8,115,224 and was settled by an intercompany loan note payable to 3 Monkeys Communications Limited.

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 12 Tangible assets

		Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Total
	Note	£	£	£	£
<b>Cost</b>					
At 1 July 2015		65,879	51,833	44,557	162,269
Additions		-	6,629	22,297	28,926
Transfer of trade and assets	23	1,515	10,587	111,449	123,551
Disposals		(65,879)	-	-	(65,879)
At 30 June 2016		1,515	69,049	178,303	248,867
<b>Accumulated depreciation and impairment</b>					
At 1 July 2015		57,663	28,946	31,753	118,362
Depreciation charged in the year		8,338	5,960	64,169	78,467
Eliminated in respect of disposals		(65,879)	-	-	(65,879)
At 30 June 2016		122	34,906	95,922	130,950
<b>Net book value</b>					
At 30 June 2016		1,393	34,143	82,381	117,917
At 30 June 2015		8,216	22,887	12,804	43,907

### 13 Investments

	2016 £	2015 £
Investments in subsidiaries	8,115,224	-
Impairment of investments	-	-

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 13 Investments (continued)

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 July 2015	-
Additions	8,115,224
At 30 June 2016	8,115,224
<b>Carrying amount</b>	
At 30 June 2016	8,115,224
At 30 June 2015	-

Additions represent the acquisition of the Jungle Communications (Holdings) Limited group in January 2016. The group included 3 Monkeys Communications Limited, a non specialist PR agency with large consumer and corporate practices. On 31 March 2016 the trade and assets of 3 Monkeys Communications Limited were transferred to the company, leaving the Jungle group without any companies that were actively trading. The investment value is maintained by a loan note of £8,115,224 held by 3 Monkeys Communications Limited.

### 14 Stocks

	2016 £	2015 £
Work in progress	388,884	6,769

Work in progress is stated after provisions for impairment of £nil (2015: £nil). The amount written off to the profit and loss account for the year is £5,263 (2015: £13,672).

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 15 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,805,140	271,227
Deferred tax asset	1,127	9,866
Amounts owed by group undertakings	2,403,419	143,645
Other debtors	335,296	57,588
Prepayments and accrued income	513,318	118,093
	<u>5,058,300</u>	<u>600,419</u>

Trade debtors are stated after provisions for impairment of £15,000 (2015: £43,585). The amount written off to the profit and loss account for the period is £15,000 (2015: £20,472)

Amounts owed by group undertakings include £1,695,715 (2015: £nil) held under a group cash pooling arrangement which bears interest at a market rate. All other amounts are unsecured, non-interest bearing and are repayable under normal trading terms.

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

	2016 £	2015 £
Trade creditors	391,437	62,196
Amounts owed to group undertakings	507,032	746,486
Corporation tax	59,136	1,820
Taxation and social security costs	234,735	-
Other creditors	709,440	-
Accruals and deferred income	2,457,963	196,497
	<u>4,359,743</u>	<u>1,006,999</u>

Amounts owed to group undertaking includes £nil (2015: £354,435) held under a group cash pooling arrangement (note 21) which bears interest at a market rate. Also included are loans from group undertakings of £413,192 (2015: £359,712), which are unsecured, interest bearing (2016: between 0.70% and 0.75%) (2015: between 0.75% and 0.95%) and repayable within one year. All other amounts owed to group undertakings are unsecured, non-interest bearing and are repayable under normal trading terms.

Other creditors represents £709,440 (2015: £nil) of deferred consideration for the acquisition of Jungle Communications (Holdings) Limited, discounted at a rate of 10% to represent net present value of future cash flows.

**Zeno Communications (UK) Limited**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 30 June 2016**

**17 Creditors: amounts falling due after more than one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts due to fellow group undertakings	12,485,223	-
Other creditors	1,231,260	-
	<u>13,716,483</u>	<u>-</u>

Other creditors represents £1,231,260 (2015: £nil) of deferred consideration for the acquisition of Jungle Communications (Holdings) Limited, discounted at a rate of 10% to represent net present value of future cash flows. Included within amounts due to group undertakings are loans of £4,370,000 (2015: £nil) and £8,115,223 (2015: £nil) which are unsecured, interest bearing at between 2.43% and 2.45% and is repayable no earlier than 30 June 2018. There is an option to extend the term of the loan further on an annual basis.

**18 Provisions for liabilities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Provision for deferred consideration	68,034	-
Dilapidations provision for property lease	100,000	-
	<u>168,034</u>	<u>-</u>

Provision for deferred consideration represents £68,034 (2015: £nil) of further estimated consideration for the acquisition of Jungle Communications (Holdings) Limited, discounted at a rate of 10% to represent net present value of future cash flows.

**19 Retirement benefit schemes**

*Defined contribution schemes*

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £46,270 (2015: £36,326).

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 20 Called up share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Authorised</b>		
1 (2015: 1) Ordinary of £1 each	1	1
10,000 (2015: 10,000) Ordinary B of 10p each	1,000	1,000
150 Ordinary C of 10p each	15	-
	<u>1,016</u>	<u>1,001</u>
<b>Issued and fully paid</b>		
1 (2015: 1) Ordinary of £1 each	1	1
125 (2015: 125) Ordinary B of 10p each	13	13
15 Ordinary C of 10p each	1	-
	<u>15</u>	<u>14</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at the general meetings of the company.

The votes attributable to 'B' shares as a class of shares are counted as 5% of the total votes cast at a shareholders meeting. The 'B' shares have no right to participate in any dividend.

On 1 June 2016, the company issued 15 Ordinary C shares with a nominal value of 10p each for a consideration of £782,400. The votes attributable to 'C' shares as a class of shares are counted as 5% of the total votes cast at a shareholders meeting. The 'C' shares have no right to participate in any dividend.

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 21. 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 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.

Under the terms of the acquisition of Jungle Communications (Holdings) Limited on 25 January 2016 further contingent compensation may be paid based on the attainment of specific earnings before interest and tax targets in the 4 years following the anniversary of the deal. These payments are payable on the second, third and fourth anniversary of the acquisition based on the earnings before interest and tax of the preceding twenty-four months. Due to the nature of the agreement it is difficult to accurately measure the value of this compensation, but it will be measured on a best estimate basis and charged to the profit and loss account in the period during which the contingent compensation is accrued (£68,034 has been charged to the profit and loss account in 2016).

Under the terms of the acquisition of Jungle Communications (Holdings) Limited on 25 January 2016 compensation is available to key employees of the company based on the attainment of gross profit and earnings before interest and tax targets in the 3 years following the anniversary of the deal. This additional compensation is capped at a total of £400,000 and is payable on the first, second and third anniversary of the acquisition based on the gross profit and earnings before interest and tax of the preceding twelve months. Due to the nature of the agreement it is difficult to accurately measure the value of this compensation, but it will be measured on a best estimate basis and charged to the profit and loss account in the period during which the contingent compensation is accrued (£29,560 has been charged to the profit and loss account in 2016).

### 22. Operating lease commitments

#### Lessee

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

	2016 £	2015 £
Within one year	473,036	36,216
Between two and five years	1,568,972	-
	<u>2,042,008</u>	<u>36,216</u>

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 23 Acquisition of trade and assets

On 31 March 2016, the trade and assets of 3 Monkeys Communications Limited (a group undertaking) were transferred to the company. The assets and liabilities of 3 Monkeys Communications Limited transferred at the date of the acquisition were:

	Note	£
Cash and cash equivalents		3,033,195
Tangible fixed assets	12	123,551
Work in progress		68,584
Debtors		2,456,919
Creditors		(2,179,432)
		<u>3,502,817</u>
Goodwill	11	2,294,407
Trademarks and customer lists		2,158,000
Other intangible assets		160,000
		<u>8,115,224</u>
Total consideration		<u>8,115,224</u>
Satisfied by:		£
Intercompany loan note	17	<u>8,115,224</u>

The goodwill arising on the acquisition of the trade is considered to have a useful life of 5 years.

The trademarks, customer lists and other intangible assets are considered to have a useful life of 3 years.



# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

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### 24 Related party transactions

As permitted by FRS 102 Section 33 "related party disclosures" the financial statements do not disclose transactions with any wholly owned subsidiary undertakings.

At the year end, the company was owed £19,527 in trade payables by Zeno Group, Inc (2015: £100,067 owed by the company). During the year costs of £129,184 were charged to the company by Zeno Group, Inc. (2015: £50,873). During the year sales of £30,885 were made to the company by Zeno Group, Inc. (2015: £nil). During the year sales of £63,982 were made to Zeno Group, Inc. by the company (2015: £55,404).

At the year end Zeno Group, Inc. was owed £4,370,000 by the company in the form of a loan used to fund the acquisition of the group of companies headed by Jungle Communications (Holdings) Limited during the year (2015: £nil). The loan is unsecured, interest bearing and not repayable within one year. During the year interest costs of £48,556 were charged to the company by Zeno Group, Inc. (2015: £nil). At the year end Zeno Group, Inc. was owed £48,556 for interest payable on the loan (2015: £nil).

At the year end Edelman Europe Holdings BV was owed £413,192 by the company in the form of a loan used to fund the working capital requirements of the company (2015: £359,712). The loan is unsecured, interest bearing and repayable within one year. During the year interest costs of £2,769 were charged to the company by Edelman Europe Holdings BV (2015: £3,141).

At the year end the company was owed £754 by Daniel J. Edelman, Inc (2015: £nil). During the year costs of £7,802 were charged to the company by Daniel J. Edelman, Inc. (2015: £1,780).

At the year end Daniel J. Edelman Limited was owed £18,052 by the company (2015: £31,649). During the year costs of £162,895 were charged to the company by Daniel J. Edelman Limited (2015: £149,807).

At the year end PR21 Italia Srl was owed £7,663 by the company (2015: £nil). During the year sales of £7,663 were made to the company by PR21 Italia Srl (2015: £nil).

At the year end Zeno SLU was owed £4,854 by the company (2015: £nil). During the year sales of £4,854 were made to the company by Zeno SLU (2015: £nil).

At the year end Edelman Sarl was owed £5,830 by the company (2015: £nil). During the year sales of £22,649 were made to the company by Edelman Sarl (2015: £nil).

At the year end the company was owed £48,739 by Edelman India Private Limited (2015: £nil). During the year sales of £95,244 were made to Edelman India Private Limited by the company (2015: £nil).

At the year end the company was owed £nil by Edelman GmbH (2015: £1,882). During the year costs of £25 were charged to the company by Edelman GmbH (2015: £nil). During the year sales of £nil were made to the company by Edelman GmbH (2015: £10,000).

During the year costs of £nil were charged to the company by F42 Germany GmbH (2015: £3,286). During the year sales of £7,294 were made to the company by F42 Germany GmbH (2015: £101,156).

During the year costs of £195 were charged to the company by Edelman Poland (2015: £nil).

All the balances and transactions detailed above are with parties who are related by virtue of common control.

# Zeno Communications (UK) Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

### 25 Controlling party

Zeno Communications (UK) Limited is a subsidiary of Zeno Group The Netherlands BV, an entity incorporated in the Netherlands.

The smallest group in which the results of the company are consolidated is that headed by Zeno Group The Netherlands BV and the largest group in which the results of the company are consolidated is that headed by Daniel J. Edelman Holdings, Inc. The consolidated group financial statements can be obtained from 200 East Randolph Drive, Suite 6300, Chicago, Illinois, United States of America.

The ultimate controlling party is Daniel J. Edelman Holdings, Inc., an entity incorporated in United States of America.

### 26 Transition to FRS 102

The transition to FRS 102 has no impact on:

- (i) the company equity at the date of transition to FRS 102;
- (ii) the company equity at the end of the comparative period; and
- (iii) the company profit and loss for the comparative period reported under previous UK GAAP.

### 27 Subsidiaries

These financial statements are separate company financial statements for Zeno Communications (UK) Limited.

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Jungle Communications (Holdings) Limited	England & Wales	Public Relations	Ordinary	100
3 Monkeys Communications Limited	England & Wales	Public Relations	Ordinary	
Galileo Digital Media (Resurrected) Limited	England & Wales	Public Relations	Ordinary	100
Gorilla Talk Limited	England & Wales	Dormant company	Ordinary	100
Agnostic PR Limited	England & Wales	Dormant company	Ordinary	100

The registered address for all the companies listed above is The Lightbox, 127-133 Charing Cross Road, London, WC2H 0EW.