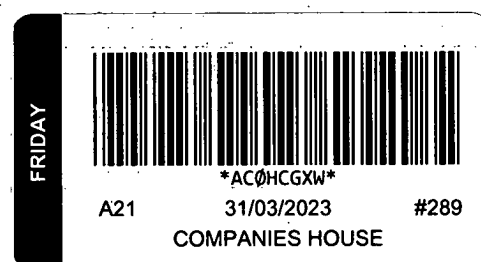


Zeno Communications (UK) Limited

Annual Report and Financial Statements

For the year ended 30 June 2022



Company Registration No. 05628110 (England and Wales)

Zeno Communications (UK) Limited

Company Information

Directors	A P Blasco V A Malanga K M Greene
Company number	05628110
Registered office	8 th Floor 160 Old Street London England EC1V 9BW
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	JP Morgan Chase Bank, NA Chaseside Bournemouth BH7 7DB

Zeno Communications (UK) Limited

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Zeno Communications (UK) Limited

Strategic Report

For the year ended 30 June 2022

The Directors present the Strategic Report and audited financial statements for Zeno Communications (UK) Limited (the Company) for the year ended 30 June 2022.

Review of the business

The principal activity of the Company continued to be of public relations services, with a core focus on clients within the Consumer, Health, Corporate and Technology sectors.

2022 saw net revenue of £8,216,929 reported, an increase of 16.4% on 2021 from £7,060,493. The impact that the global COVID-19 pandemic had on client budgets was most keenly felt in 2020 and 2021, so the increase in 2022 can be attributed to returning client confidence and spend.

An operating profit of £578,161 was reported in 2022 (2021: operating loss of £115,252), which includes amortisation of £nil (2021: £406,700) of intangible assets recognised on the transfer of trade and assets from 3 Monkeys Communications Limited on 31 March 2016, a subsidiary of Jungle Communications (Holdings) Limited which was acquired on 25 January 2016. The increase in operating profit can be primarily attributed to improved trading and net revenue as client spend increased, alongside no ongoing amortisation costs.

As a result of the operating profit and net other income arising from restructuring of intercompany balances during the liquidation of Jungle Communications (Holdings) Limited and its subsidiaries, the net liabilities position at the end of the year decreased to £1,033,201 (2021: net liabilities £2,324,314).

Key Performance Indicators (KPIs)

The KPIs used to manage and review the trading operations and resourcing decisions of the company by the senior management are the following adjusted performance measures:

	2022	2021
Growth in net revenue (%)	16.4%	2.9%
Adjusted operating profit margin	7.0%	3.8%
Employment costs to net revenue ratio	64.8%	67.1%

Net revenue is calculated as turnover less third party costs incurred and recharged to clients. Adjusted operating profit margin is calculated as the operating profit/(loss) before amortisation of intangible assets and other operating income, to net revenue ratio. The primary KPI which drives adjusted operating profit margin is employment costs to net revenue ratio, with a target of 60%. In 2022 this was 64.8% (2021: 67.1%).

	Note	2022 £	2021 £
Operating profit/(loss)		578,161	(115,252)
Add back:			
Amortisation of intangible assets	11	-	406,700
Other operating income		-	(23,630)
Adjusted operating profit		<u>578,161</u>	<u>267,818</u>

Business environment

The public relations market in the United Kingdom is highly fragmented and competitive. Within this competitive market, the company achieved a ranking of 50 (2021: 50) in the 2022 PR Week league tables which are based on 2021 fees, which were the latest available as at the balance sheet date.

Zeno Communications (UK) Limited

Strategic Report (Continued)

For the year ended 30 June 2022

Future developments

Regarding future developments, given the continued uncertain economic environment caused by COVID-19 the directors have carried out a detailed and comprehensive review of the business and its future prospects taking into account all information that could reasonably be expected to be available for the following 12 months and beyond. The company has however been largely insulated from the effects of the virus this year and has resilient technology and business continuity measures in place to ensure continued operation. The company expects therefore to continue its strategy as planned, building on prior years. Management continues to monitor the ongoing conflict in Ukraine and the impact on the business. This includes an assessment of the economic sanctions held against Russia. To date there has been no impact on trading as a result of the conflict.

Strategy

The company's overriding objective is to achieve attractive and sustainable rates of net revenue 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.

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.

Business continuity plans are in place in case of technology disruption or lack of access to the premises. The outbreak of COVID-19, the global pandemic in early 2020, resulted in the Company deploying these plans to maintain stability across the business, ensuring continued delivery of service through remote working for employees and with clients. The Company now successfully operates a permanent hybrid working model with no issues noted in the period up to signing these financial statements.

The company has reviewed the business for potential successors for key management. If key management leave the company, the impact of their exiting the business is reviewed to ensure that the company can maintain relationships with clients and that other staff can cover key areas of the business. The company has expertise in business reputation that can be used if there are any issues arising for the company itself.

The UK Brexit transition period ended on 31 December 2020 and the company continues to monitor the impact of this. To date the Company has not identified any impact on the business in relation to the ability to continue to trade within the single market and the freedom of movement of staff in and out of the United Kingdom, and does not anticipate any future impact.

Given the company generates all turnover and profits in the UK (and works with other Zeno Group, Inc. subsidiary companies for overseas work), there was no significant impact from changes in laws and regulations.

The business continues to monitor and assess its preparedness for a worst-case scenario including the risks and mitigations across the business. This includes continued liaison with key customers, ongoing assessment of people and succession planning in key roles; and continued review of contracts. Management will continue to monitor negotiations, ensuring our planning remains up to date and assess any new or emerging risks on an on-going basis.

Zeno Communications (UK) Limited

Strategic Report (Continued)

For the year ended 30 June 2022

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 32% (2021: 27%) 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.

Liquidity and cash flow risk

The company is part of a group cash pooling arrangement with Daniel J. Edelman Holdings, Inc. 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.

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 on its behalf on 31 March 2023

AP Blasco
Director

Zeno Communications (UK) Limited

Directors' Report

For the year ended 30 June 2022

The Directors present their annual report and audited financial statements for the year ended 30 June 2022.

Principal activities

The principal activity of the Company is the provision of public relations services with a core focus on clients within the Consumer, Health, Corporate and Technology sectors.

General information

The Company is a private limited company incorporated in the United Kingdom. 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.

Strategic Report

Details of results for the year, future developments, and principal risks are included in the Strategic Report on pages 1-3.

Going concern

These financial statements have been prepared on a going concern basis. In preparing the financial statements the Directors have taken into account all information that could reasonably be expected to be available for a period of at least 12 months from the date of signing the financial statements and beyond.

Whilst there were profits of £1,291,113 (2021: losses of £496,329), net current liabilities of £1,227,622 (2021: net current liabilities of £10,426,581) and net liabilities of £1,033,201 (2021: net liabilities of £2,324,314), the Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future.

The Directors have considered the Company's net liabilities, future projections which include severe but plausible downside scenarios including factors such as COVID-19, Brexit, the situation in Ukraine, the current UK economic situation, the company's ongoing cash requirements, the availability of cash through the group cash pooling arrangement and the written letter of support received from the ultimate parent; Daniel J. Edelman Holdings, Inc..

As a result of the review (which includes an assessment of the ability and intention of the ultimate parent to provide this support) the Directors are confident that the ultimate parent has both the ability and the intention to provide support to ensure the Company has sufficient resources to continue as a going concern for at least 12 months from the date of signing these financial statements and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

Brexit

The UK Brexit transition period ended on 31 December 2020 and the company continues to monitor the impact of this. To date the Company has not identified any impact on the business in relation to the ability to continue to trade within the single market and the freedom of movement of staff in and out of the United Kingdom, and does not anticipate any future impact.

Given the Company generates all turnover and profits in the UK (and works with other Zeno Group, Inc. subsidiary companies for overseas work), there was no significant impact from changes in laws and regulations.

The business continues to monitor and assess its preparedness for a worst-case scenario including the risks and mitigations across the business. This includes continued liaison with key customers, ongoing assessment of people and succession planning in key roles; and continued review of contracts. Management will continue to monitor negotiations, ensuring our planning remains up to date and assess any new or emerging risks on an on-going basis.

Zeno Communications (UK) Limited

Directors' Report (Continued)

For the year ended 30 June 2022

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
V A Malanga
K M Greene

Dividends

The company did not pay an interim or final dividend in the year (2021: Nil).

Charitable donations

The company made donations totalling £2,000 (2021: £1,550) to charities during the 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. The articles of association provided the directors with a qualifying third party indemnity throughout the year and the indemnity remains in force at the date of the signature of the financial statements.

Subsequent events

No subsequent events were noted.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are also 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.

Zeno Communications (UK) Limited

Directors' Report (Continued)

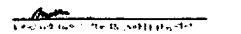
For the year ended 30 June 2022

Disclosure of information to auditors

In the case of each director in office at the date of 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.**

Approved by the Board and signed on its behalf on 31 March 2023


A P Blasco
Director

Zeno Communications (UK) Limited

Independent Auditors' Report to the Members of Zeno Communications (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Zeno Communications (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 June 2022; the Profit and Loss Account and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Zeno Communications (UK) Limited

Independent Auditors' Report to the Members of Zeno Communications (UK) Limited

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Zeno Communications (UK) Limited

Independent Auditors' Report to the Members of Zeno Communications (UK) Limited

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Evaluation of the design of management's controls designed to prevent and detect irregularities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation;
- Identifying and testing unusual journal entries, in particular those journal entries posted with an unusual account combination;
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates, in particular the estimates made in relation to stage of completion of revenue projects; and
- Performing unpredictable procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Zeno Communications (UK) Limited

Independent Auditors' Report to the Members of Zeno Communications (UK) Limited

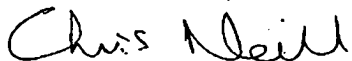
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

31 MARCH 2023

Zeno Communications (UK) Limited

Profit and Loss Account

For the year ended 30 June 2022

	Note	2022 £	2021 £
Turnover	3	12,132,107	10,643,507
Third party costs		(3,915,178)	(3,583,014)
Net revenue		8,216,929	7,060,493
Other operating costs	4	(7,638,768)	(7,199,375)
Other operating income	4	-	23,630
Operating profit/(loss)		578,161	(115,252)
Interest receivable and similar income	8	893,481	594
Interest payable and similar expenses	9	(30,275)	(349,616)
Profit/(loss) before taxation		1,441,367	(464,274)
Tax on profit/(loss)	10	(150,254)	(32,055)
Profit/(loss) for the financial year		1,291,113	(496,329)

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

The Company has no other items of comprehensive income and therefore no separate Statement of Comprehensive Income has been presented. The notes on pages 14 to 32 form part of the financial statements.

Zeno Communications (UK) Limited

Balance Sheet

As at 30 June 2022

	Note	£	2022 £	£	2021 £
Intangible assets	11		-		-
Tangible assets	12		293,171		87,043
Investments	13		-		8,115,224
			293,171		8,202,267
Current assets					
Stocks	14	29,406		256,022	
Debtors	15	3,474,675		3,695,018	
Cash at bank and in hand		-		378	
			3,504,081		3,951,418
Creditors: amounts falling due within one year	16	(4,731,703)		(14,377,999)	
Net current liabilities			(1,227,622)		(10,426,581)
Total assets less current liabilities			(934,451)		(2,224,314)
Provisions for liabilities	17		(98,750)		(100,000)
Net liabilities			(1,033,201)		(2,324,314)
Capital and reserves					
Called up share capital	19		15		15
Share premium account			782,399		782,399
Capital contribution			3,012,721		3,012,721
Profit and loss account			(4,828,336)		(6,119,449)
Total shareholders' deficit			(1,033,201)		(2,324,314)

The notes to the financial statements are on pages 14-32 and form part of the financial statements.

The financial statements on pages 11-32 were approved by the board of directors and authorised for issue on 31 March 2023 and are signed on its behalf by:


 A P Blasco
 Director
 Company Registration No. 05628110

Zeno Communications (UK) Limited

Statement of Changes in Equity

For the year ended 30 June 2022

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total shareholders' deficit
	£	£	£	£	£
Balance at 1 July 2020	15	782,399	3,012,721	(5,623,120)	(1,827,985)
Year ended 30 June 2021:					
Loss and total comprehensive expense for the financial year	-	-	-	(496,329)	(496,329)
Balance at 30 June 2021	15	782,399	3,012,721	(6,119,449)	(2,324,314)
Year ended 30 June 2022:					
Profit and total comprehensive income for the financial year	-	-	-	1,291,113	1,291,113
Balance at 30 June 2022	15	782,399	3,012,721	(4,828,336)	(1,033,201)

Zeno Communications (UK) Limited

Notes to the Financial Statements

For the year ended 30 June 2022

1 Accounting policies

Company information

Zeno Communications (UK) Limited is a private company limited by shares incorporated in the United Kingdom and registered in England. The registered office is 8th Floor, 160 Old Street, London, EC1V 9BW.

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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The company presents certain measures of financial performance that are not defined or specified according to FRS 102. These measures, referred to as Alternative Performance Measures (APMs) include net revenue as defined in notes 1 and 3, and adjusted operating profit/loss which is the profit before tax, interest charges and interest income. APMs are prepared on a consistent basis for all periods presented in these financial statements. By their nature, the APMs used by the company are often but not necessarily uniformly applied by peer companies and therefore may not be comparable with similarly defined measures and disclosures applied by other companies. Such measures should not be viewed in isolation or as a substitute to the equivalent FRS 102 measure.

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 and have been applied consistently.

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 on the basis that the Company is a qualifying entity and its parent company Zeno Group The Netherlands BV includes the Company's company cash flows in its own consolidated financial statements.
- 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.

Zeno Communications (UK) Limited

Notes to the Financial Statements

For the year ended 30 June 2022

1 Accounting policies (continued)

1.3 Consolidation exemption

During the year ended 30 June 2022 the subsidiaries of the company which previously necessitated the preparation of consolidated financial statements for the company under the Companies Act 2006 were liquidated and struck off from the register at Companies House. Consequently for the financial year ended 30 June 2022 consolidated financial statements are not required and have not been prepared.

1.4 Going Concern

These financial statements have been prepared on a going concern basis. In preparing the financial statements the Directors have taken into account all information that could reasonably be expected to be available for a period of at least 12 months from the date of signing the financial statements and beyond.

Whilst there were profits of £1,291,113 (2021: losses of £496,329), net current liabilities of £1,227,622 (2021: net current liabilities of £10,426,581) and net liabilities of £1,033,201 (2021: net liabilities of £2,324,314), the Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future.

The Directors have considered the Company's net liabilities, future projections which include severe but plausible downside scenarios including factors such as COVID-19, Brexit, the situation in Ukraine, the current UK economic situation, the company's ongoing cash requirements, the availability of cash through the group cash pooling arrangement and the written letter of support received from the ultimate parent; Daniel J. Edelman Holdings, Inc..

As a result of the review (which includes an assessment of the ability and intention of the ultimate parent to provide this support) the Directors are confident that the ultimate parent has both the ability and the intention to provide support to ensure the Company has sufficient resources to continue as a going concern for at least 12 months from the date of signing these financial statements and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

1 Accounting policies (continued)

1.5 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, or the provision of services; (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. Turnover includes third party costs incurred to service client projects where the company considers itself to be principal rather than agent. These costs, including costs recharged from related parties for the work performed on their behalf, are classified as third party costs. Further details are disclosed in note 2.

Turnover 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 debtors. 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 creditors. 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 client deposits 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.

Third party costs comprise third party costs incurred to service client projects, including cost recharged from related parties for the work performed on their behalf. Therefore net revenue represents net fees and commissions earned during the year.

Net revenue is presented separately in profit and loss accounts to provide further understanding of the financial performance of the company. Further details on net revenue are disclosed in note 3.

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

1 Accounting policies (continued)

1.6 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 in the prior year is made on the following bases:

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

1.7 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
Construction in progress	Over the remaining period of the lease once work is completed
Fixtures, fittings and equipment	between 15% and 33.3% per annum
Computer equipment	33.3% per annum

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 'other operating costs'.

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

1 Accounting policies (continued)

1.8 Investments

Interests in subsidiaries 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.

1.9 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.

1.10 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.

1.11 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.

1.12 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial instruments are recognised in the Company's balance sheet 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 undertakings are initially recognised at transaction price.

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

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

1.13 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 2022

1 Accounting policies (continued)

1.14 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.

1.15 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 interest payable 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 2022

1 Accounting policies (continued)

1.16 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.

1.17 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.

1.18 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.

1.19 Interest

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

1.20 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 2022

1 Accounting policies (continued).

1.21 Share premium account

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

1.22 Capital contributions account

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

2 Critical judgements and estimation uncertainty

a. Critical judgements in applying the group's accounting policies

Revenue recognition includes a critical judgement with regard to principal versus agent status in respect of third party costs incurred, that are passed on to the clients, the impact of which is set out in Note 3.

b. Key accounting estimates and assumptions

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.

The company has an operating lease on the property it operates the business from and has estimated the dilapidations that may be due at the end of these lease based on contractual obligations.

3 Turnover

Turnover and net revenue are generated entirely in the UK. All clients are only served in the UK market.

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

	2022 £	2021 £
Turnover		
Public relations services in the UK	12,132,107	10,643,507

Turnover includes third party costs incurred to service client projects where the company considers itself to be principal rather than agent. These costs, including costs recharged from related parties for the work performed on their behalf, are classified as third parties costs. Therefore net revenue of £8,216,929 (2021: £7,060,493) represents net fees and commission earned during the year.

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

4 Other operating income and costs

Other operating income and costs are as follows:	Note	2022 £	2021 £
Staff costs	6	5,325,428	4,736,398
Depreciation of owned tangible fixed assets	12	49,797	65,361
Amortisation of intangible assets	11	-	406,700
Impairment of stock	14	30,221	11,792
Operating lease charges		288,374	344,215
Auditors' remuneration - audit services	5	65,909	104,911
Exchange (gains)/losses		(179,112)	126,326
Other operating costs		2,058,151	1,403,672
		<u>7,638,768</u>	<u>7,199,375</u>
Income from government grants (Covid job retention scheme)		-	23,630

5 Auditors' remuneration

Fees payable to the Company's auditors and its associates:	2022 £	2021 £
For audit services		
Audit of the Company's financial statements	<u>65,909</u>	<u>59,611</u>
For other services		
Restructuring advice	<u>-</u>	<u>45,300</u>

6 Employees

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

	2022 Number	2021 Number
PR professional staff	67	58
Administrative	<u>9</u>	<u>9</u>
	<u>76</u>	<u>67</u>

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

6 Employees (continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	4,527,198	3,984,458
Social security costs	557,190	498,943
Other pension costs	153,206	131,073
	<u>5,237,594</u>	<u>4,614,474</u>
Apprentice levy	21,073	16,450
Allocations for staff recharges from related parties	66,761	105,474
	<u>5,325,428</u>	<u>4,736,398</u>

7 Directors' remuneration

During the year, no emoluments were paid in respect of qualifying services of the directors and key management personnel (2021: £nil). The details of directors' remuneration do not include the remuneration of Mr Blasco, Mr Greene or Mr Malanga, which are paid by the respective parent or subsidiary company (Zeno Group, Inc., Daniel J. Edelman Holdings, Inc., and Daniel J. Edelman Limited) they are employed by, and recharged to the company as part of a management charge. These management charges, which in 2022 amounted to £66,671 (2021: £105,474), also includes a recharge of administration costs borne by the parent or subsidiary company on behalf of the company and it is not possible to identify separately the amount of Mr Blasco's, Mr Greene's or Mr Malanga's remuneration. However the directors received emoluments from other group undertakings (Zeno Group, Inc., Daniel J. Edelman Holdings, Inc., and Daniel J. Edelman Limited) in respect of their services to the group. No share options were granted or exercised during the year (2021: £nil).

8 Interest receivable and similar income

	Note	2022 £	2021 £
Interest receivable from group undertakings		1,647	594
Dividend income	13	891,834	-
		<u>893,481</u>	<u>594</u>

Included within the dividend income balance is £827,660 relating to the liquidation and dissolution of Jungle Communications (Holdings) Limited and 3 Monkeys Communications Limited during the year. See detail in note 13.

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

9 Interest payable and similar expenses

	2022 £	2021 £
Interest payable to group undertakings	30,275	349,616
	<u>30,275</u>	<u>349,616</u>

10 Tax on profit / (loss)

	2022 £	2021 £
Current tax		
UK corporation tax on result for the current year	105,126	(22,617)
Adjustment in respect of prior years	55,984	36,676
Total current tax	<u>161,110</u>	<u>14,059</u>
Deferred tax		
Origination and reversal of timing differences	12,874	24,325
Adjustment in respect of prior years	(21,046)	2,269
Effect of changes in tax rates	(2,684)	(8,598)
Total deferred tax charge / (credit)	<u>(10,856)</u>	<u>17,996</u>
Total tax charge per profit and loss account	<u>150,254</u>	<u>32,055</u>

The tax charge assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The charge for the year can be reconciled to the profit (2021: loss) per the profit and loss account as follows:

	2022 £	2021 £
Profit / (loss) on ordinary activities before taxation	1,441,367	(464,274)
<i>Expected tax charge / (credit) based on the standard rate of corporation tax in the UK of 19% (2021: 19%)</i>	273,859	(88,212)
Expenses not deductible / (non-taxable income)	(155,859)	89,920
Adjustment in respect of prior years	34,938	38,945
Tax rate changes	(2,684)	(8,598)
Tax charge for the year	<u>150,254</u>	<u>32,055</u>

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

10 Tax on profit / (loss) (continued)

The effective UK rate of corporation tax applicable to the Company for this accounting year was 19% (2021: 19%). The Finance Act 2021 enacted in June 2021 will increase the main rate of corporation tax to 25% effective from 1 April 2023. In a Ministerial Statement on 23 September 2022, the Chancellor of the Exchequer announced his plan to scrap the increase of corporation tax rate from 1 April 2023. The plan was reversed on 17 October 2022 in an emergency statement by the government. The closing deferred tax balances have been calculated at the applicable tax rates for the period over which the deferred tax balances were expected to reverse (2021: 25%).

11 Intangible assets

	Goodwill	Trademarks and customer lists	Other intangible assets	Total
	£	£	£	£
Cost				
At 1 July 2021	2,711,407	2,158,000	160,000	5,029,407
At 30 June 2022	2,711,407	2,158,000	160,000	5,029,407
Accumulated amortisation and impairment				
At 1 July 2021	2,711,407	2,158,000	160,000	5,029,407
Amortisation charged for the year	-	-	-	-
At 30 June 2022	2,711,407	2,158,000	160,000	5,029,407
Carrying amount				
At 30 June 2022	-	-	-	-
At 30 June 2021	-	-	-	-

The intangible assets recognised represent 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 2022

12 Tangible assets

	Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 July 2021	77,082	178,511	275,644	531,237
Additions	184,805	-	71,120	255,925
Disposals	-	-	(113,283)	(113,283)
At 30 June 2022	261,887	178,511	233,481	673,879
Accumulated depreciation and impairment				
At 1 July 2021	77,082	147,086	220,026	444,194
Depreciation charged in the year	-	9,815	39,982	49,797
Disposals	-	-	(113,283)	(113,283)
At 30 June 2022	77,082	156,901	146,725	380,708
Net book value				
At 30 June 2022	184,805	21,610	86,756	293,171
At 30 June 2021	-	31,425	55,618	87,043

Leasehold improvements includes £184,805 (2021: £nil) of construction in progress.

13 Investments

	2022 £	2021 £
Investments in subsidiaries	-	8,115,224

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

13 Investments (continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 July 2021	8,115,224
Return of investment	(8,115,224)
At 30 June 2022	-
Carrying amount	
At 30 June 2022	-
At 30 June 2021	8,115,224

Investments 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.

During the year there was a restructuring exercise, and subsequently the intercompany loan and associated interest payable to 3 Monkeys Communications Limited was waived, as set out in note 16. This intercompany payable represented the only material asset of Jungle Communications (Holdings) Limited so consequently it was deemed necessary to impair in full the investment in that company. When considering the waiving of the loan £8,115,224 was treated as a return of investment, with the balance of £827,660 deemed realised profit and recognised as dividend income, as set out in note 8. During the year Jungle Communications (Holdings) Limited and 3 Monkeys Communications Limited were liquidated and dissolved.

14 Stocks

	2022 £	2021 £
Work in progress	29,406	256,022

Work in progress represents unbilled third-party direct costs and is valued at the lower of cost and net realisable value, and is stated after provisions for impairment of £nil (2021: £nil). The amount written off to the profit and loss account for the year is £30,221 (2021: £11,792).

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

15 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	2,449,520	2,159,115
Corporation tax	21,359	72,522
Amounts owed by group undertakings	120,426	430,919
Other debtors	407,358	420,246
Deferred tax asset	47,474	36,618
Prepayments and accrued income	428,538	575,598
	<u>3,474,675</u>	<u>3,695,018</u>

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

Amounts owed from group undertakings include £86,591 (2021: £359,698) owed under a group cash pooling arrangement which accrues interest at a market rate. Amounts owed by group undertakings are unsecured, non-interest bearing and are repayable under normal trading terms.

The deferred tax asset relates predominantly to timing differences as detailed below.

Movements in deferred tax

	Deferred tax asset £
At 1 July 2021	36,618
Deferred tax credit for the year	10,856
At 30 June 2022	<u>47,474</u>

The amounts of deferred taxation assets recognised are as follows:

	2022 £	2021 £
Other timing differences	31,907	3,880
Depreciation less than capital allowances	15,567	32,738
Total deferred tax asset	<u>47,474</u>	<u>36,618</u>

The directors believe that the timing differences giving rise to the deferred tax asset balance above will reverse in future years.

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

16 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	453,891	313,309
Amounts owed to group undertakings	383,197	847,909
Loans owed to group undertakings	1,130,000	10,145,224
Taxation and social security	309,155	357,232
Accruals and deferred income	2,455,460	2,714,325
	<u>4,731,703</u>	<u>14,377,999</u>

Amounts owed to group undertakings include loans of £nil (2021: £8,115,224) and £1,130,000 (2021: £2,030,000) which are unsecured, interest bearing at 1.86% (2021: 3.30%). The counterparty have confirmed that it is repayable on demand. The loan of £8,115,224 due to 3 Monkeys Communications Limited was waived during the year as part of a group restructure that saw 3 Monkeys Communications Limited liquidated. The credit from this has been offset against the return of the investment held in Jungle Communications (Holdings) Limited, as set out in note 13. All other amounts are unsecured, non-interest bearing and are repayable under normal trading terms which are 30 days end of month.

The accruals and deferred income include £1,030,255 of client deposits (2021: £1,181,091). Client deposits represent prepayments made for future third parties costs which are subsequently recognised in revenue as set out in note 1.6.

17 Provisions for liabilities

	2022 £	2021 £
Dilapidations provision for property lease	98,750	100,000
	<u>98,750</u>	<u>100,000</u>

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

18 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 £153,206 (2021: £131,073). As of 30 June 2022 £13,821 (2021: £11,519) of the company contributions had not been paid and are included within accruals.

19 Called up share capital

	2022 £	2021 £
Ordinary share capital		
Authorised		
1 (2021: 1) Ordinary of £1 each	1	1
10,000 (2021: 10,000) Ordinary B of 10p each	1,000	1,000
150 (2021: 150) Ordinary C of 10p each	15	15
	<u>1,016</u>	<u>1,016</u>
Issued and fully paid		
1 (2021: 1) Ordinary of £1 each	1	1
125 (2021: 125) Ordinary B of 10p each	13	13
15 (2021: 15) Ordinary C of 10p each	1	1
	<u>15</u>	<u>15</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.

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 2022

20 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., a fellow group company.

21 Operating lease commitments

Lessee

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

	2022 £	2021 £
Within one year	132,046	27,647
Between two and five years	1,631,794	3,480
	<u>1,763,840</u>	<u>31,127</u>

22 Financial Instruments

	2022 £	2021 £
Financial instruments measured at amortised cost		
Trade debtors (note 15)	2,449,520	2,159,115
Amounts owed by group undertakings (note 15)	120,426	430,919
Other debtors (note 15)	407,358	420,246
Accrued income (note 15)	194,620	457,039
	<u>3,171,924</u>	<u>3,467,319</u>
Financial liabilities measured at amortised cost		
Trade creditors (note 16)	453,891	313,309
Amounts owed to group undertakings (note 16)	383,197	847,909
Loans owed to group undertakings (note 16)	1,130,000	10,145,224
Accruals (note 16)	662,136	843,145
	<u>2,629,224</u>	<u>12,149,587</u>

Zeno Communications (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2022

23 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. There were no other related party transactions to report.

24 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 of Zeno Group The Netherlands BV can be obtained from Gustav Mahlerlaan 2970, Amsterdam 1081 LA, The Netherlands. The consolidated group financial statements of Daniel J. Edelman Holdings, Inc. can be obtained from 111 N. Canal, Suite 1100, Chicago IL 60606 Illinois, United States of America.

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

25 Subsequent events

No subsequent events were noted.