

Company Registration No. 2488264

Bell Pottinger Public Affairs Limited

Report and Financial Statements

31 December 2010

THURSDAY



L4P94X6U

LD2

01/09/2011

114

COMPANIES HOUSE

Bell Pottinger Public Affairs Limited

Report and financial statements 2010

Contents	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	7
Reconciliation of movements in shareholders' funds	8
Balance sheet	9
Notes to the financial statements	10

Bell Pottinger Public Affairs Limited

Report and financial statements 2010

Officers and professional advisers

Directors

P Bingle
J H Leece
T W G Collins
L J McCloy (resigned 18 February 2011)
N R Stockley

Secretary

R E Davison

Registered Office

14 Curzon Street
London
W1J 5HN

Bankers

National Westminster Bank Plc
PO Box 4RY
250 Regent Street
London
W1A 4RY

Solicitors

Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Bell Pottinger Public Affairs Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under s418 of the Companies Act 2006

Review of business and future developments

The company is principally engaged in acting as government relations advisers and consultants and it is the intention of the directors that it should continue to do so

Results and dividends

The company's profit and loss account is set out on page 7 and shows a profit after taxation for the year of £551,919 (2009 – loss of £9,943) Dividends paid in the year amounted to £375,000 (2009 – nil)

Directors

The directors, who served throughout the year unless otherwise noted, are set out on page 1

Risk management

The company's financial instruments comprise cash and various items such as trade debtors and trade creditors that arise directly from its operations

It is, and has been throughout the period under review, the company's policy that no trade in financial instruments shall be undertaken

The main risks arising from the company's financial instruments are credit risk, interest rate risk and liquidity risk The policy for managing these risks is reviewed and agreed by the parent undertaking, Chime Communications plc ("Chime")

Credit risk the company's credit risk is primarily attributable to its trade debtors The amounts presented in the balance sheet are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

Interest rate risk cash deposits and loan drawdowns are pooled under Chime's banking facility and then are held either at variable rates of interest or at rates of interest fixed for periods of no longer than three months The interest for the company is borne by another group company

Liquidity risk the company operates under Chime's banking facility Chime holds committed facilities of £30 million until June 2013 Chime also has an uncommitted facility available of £2 million, which is reviewed on a rolling basis

Client retention the company competes for clients in a highly competitive industry The company manages this risk by providing added value services to its clients and by maintaining strong client relationships

Fair values of financial assets and financial liabilities at 31 December 2010 there was no material difference between the fair value of financial assets and financial liabilities and their book value

All monetary assets and liabilities are denominated in the same currency as the functional currency of the operations involved

Employee issues retention of key employees is considered to be a key priority

Bell Pottinger Public Affairs Limited

Directors' report (continued)

Creditor payment terms

The company's policy on suppliers is that they will be paid in accordance with agreed terms and conditions of trade on a regular basis

The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the average amount owed to trade creditors as a proportion of the amounts invoiced by suppliers during the year, was 19 days in aggregate (2009 – 17 days)

Going concern

The accounts have been prepared on a going concern basis (see note 1)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



J H Leece
Director

15 Sept 2011

Bell Pottinger Public Affairs Limited

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 to 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.

Independent auditor's report to the members of Bell Pottinger Public Affairs Limited

We have audited the financial statements of Bell Pottinger Public Affairs Limited for the year ended 31 December 2010 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors report to the members of Bell Pottinger Public Affairs Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Sarah Shillingford

Sarah Shillingford (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
1 September 2011

Bell Pottinger Public Affairs Limited

Profit and loss account Year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover	1, 2	4,967,841	3,969,624
Cost of sales		(439,385)	(477,289)
Gross profit		4,528,456	3,492,335
Administrative expenses		(3,698,792)	(3,458,925)
Operating profit	3, 4	829,664	33,410
Other interest receivable and similar income	5	152	-
Profit on ordinary activities before taxation		829,816	33,410
Tax on profit on ordinary activities	6	(277,897)	(43,353)
Profit/(loss) on ordinary activities after taxation		551,919	(9,943)

All activities derive from continuing operations

There are no other recognised gains or losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

Bell Pottinger Public Affairs Limited

Reconciliation of movements in shareholders' funds Year ended 31 December 2010

		2010 £	2009 £
Profit/(loss) for the financial year		551,919	(9,943)
Dividends paid	7	(375,000)	-
Credit in relation to share-based payments		17,103	19,989
Net increase in shareholders' funds		<u>194,022</u>	<u>10,046</u>
Opening shareholders' funds		<u>13,539</u>	<u>3,493</u>
Closing shareholders' funds		<u><u>207,561</u></u>	<u><u>13,539</u></u>

Bell Pottinger Public Affairs Limited

Balance sheet 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	8	20,606	31,835
Current assets			
Work in progress		8,186	36,385
Debtors	9	1,131,238	1,297,718
Cash at bank and in hand		333,653	238
		1,473,077	1,334,341
Creditors: amounts falling due within one year	10	(1,286,122)	(1,352,637)
Net current assets/(liabilities)		186,955	(18,296)
Net assets		207,561	13,539
Capital and reserves			
Called up share capital	11	2	2
Share-based payments reserve	12, 14	89,868	72,765
Profit and loss account	12	117,691	(59,228)
Shareholders' funds		207,561	13,539

The financial statements of Bell Pottinger Public Affairs Limited, registered number 2488264, were approved by the Board of Directors on *1st Sept.* 2011

Signed on behalf of the Board of Directors


J H Leece
Director

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards. The particular accounting policies adopted by the directors are described below. They have all been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption contained in FRS 29 "Financial Instruments Disclosures" and has not produced any disclosures required by that standard, as full FRS 29 disclosures are available in the Chime Communications plc Annual Report for the year ended 31 December 2010.

Going concern

The directors have prepared forecasts which indicate that the company has adequate resources to continue in operational existence for the foreseeable future. In preparing these forecasts the directors have taken into account the following key factors:

- the rate of growth of the UK economy on the company's business during the economic recovery,
- key client account renewals,
- the level of committed and variable costs, and
- current new business targets compared to levels achieved in previous years.

The directors have concluded, based on the cash flow forecasts, that it is appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover represents amounts receivable from clients, exclusive of value added tax, in respect of charges for fees, rechargeable expenses and commission. Turnover relates to the principal activity of the company, public affairs consultancy, which takes place principally in the United Kingdom. Revenue is recognised when charges are made to clients. Fees are recognised over the period of the relevant assignments or agreements.

Fixed assets

Fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided in equal instalments over the estimated useful lives of the assets using the following annual rates:

Short-term leasehold improvements	-	20%
Fixtures, fittings and equipment (including computer equipment)	-	25%

Work in progress

Work in progress is stated at the lower of invoiced cost and net realisable value, net of payments received on account. Cost represents work supplied from outside the group awaiting billing to clients at the year end.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company and the group in an independently administered fund. The pension cost is the amount of contributions payable by the company to the fund in the accounting period.

Bell Pottinger Public Affairs Limited

Notes to the financial statements **Year ended 31 December 2010**

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Share-based payments

The company has applied the requirements of FRS 20 "Share-based Payments". In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The ultimate parent company, Chime Communications plc ("Chime"), issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured for all schemes by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

Chime also provides employees with the ability to purchase the group's ordinary shares at 80% of the current market value. The company records an expense, based on its estimate of the 20% discount related to shares expected to vest on a straight-line basis over the vesting period.

Cash flow statement

Under the provisions of FRS 1 "Cash Flow Statements", the company is exempt from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of a parent undertaking which has produced a cash flow statement in its consolidated accounts.

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

2 Business and geographical segments

In the opinion of the directors all turnover is derived from one class of business, namely public relations. The following table provides an analysis of the company's turnover by geographical market, based on the billing location of the client.

	Turnover by geographical market	
	2010	2009
	£	£
United Kingdom	4,387,983	3,815,920
Europe, Middle East and Africa	211,573	129,741
USA and rest of the world	368,285	23,963
	<u>4,967,841</u>	<u>3,969,624</u>

3. Directors' emoluments and employee remuneration

	2010	2009
	£	£
The aggregate emoluments of the directors were		
Aggregate emoluments excluding pension contributions	852,416	724,268
Pension contributions	47,250	49,206
	<u>899,666</u>	<u>773,474</u>
The emoluments of the highest paid director were		
Aggregate emoluments excluding pension contributions	410,197	284,425
Pension contributions	26,500	26,500
	<u>436,697</u>	<u>310,925</u>

One director (2009 - one) has retirement benefits accruing under a personal pension scheme.

One director (2009 - one) exercised share options in Chime Communications plc during the year.

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

3 Directors' emoluments and employee remuneration (continued)

	2010 £	2009 £
Employee costs, including those of the directors, were as follows		
Wages and salaries	1,880,191	1,670,355
Social security costs	242,905	204,346
Other pension costs	69,220	73,481
Costs of share options granted to directors and employees	17,103	19,989
	<u>2,209,419</u>	<u>1,968,171</u>
	No.	No.
The average number of persons employed during the year was		
Consultancy	24	26
Administration	1	1
	<u>25</u>	<u>27</u>

4. Operating profit

	2010 £	2009 £
Operating profit is stated after charging		
Depreciation of owned tangible fixed assets	12,711	20,149
Loss on disposal of fixed assets	-	2,534
Fees payable to the company's auditor for the audit of the annual accounts	8,100	8,200
Fees payable to the company's auditor for tax services	3,200	3,575
	<u>24,011</u>	<u>34,458</u>

5. Other interest receivable and similar income

	2010 £	2009 £
Other interest	<u>152</u>	<u>-</u>

6. Tax on profit on ordinary activities

Analysis of tax charge on ordinary activities

	2010 £	2009 £
UK Corporation tax at 28% (2009 – 28%) based on profit for the year	273,728	66,788
Adjustment in respect of prior years	(1,490)	(10,977)
Deferred taxation		
Origination and reversal of timing differences	4,166	(11,467)
Adjustments in respect of prior years	1,493	(991)
	<u>277,897</u>	<u>43,353</u>

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

6 Tax on profit on ordinary activities (continued)

Factors affecting tax charge

	2010 %	2009 %
Standard tax rate for period as a percentage of profits	28.0	28.0
Effects of		
Expenses not deductible for tax purposes	5.4	137.7
Deferred tax movements		
Prior period adjustments	(0.2)	(32.9)
Rate reduction	0.1	-
Capital allowances in excess of depreciation	-	(10.9)
Other deferred tax movements	(0.5)	45.2
	<u>32.8</u>	<u>167.1</u>

Future changes to tax legislation

The Finance Act 2010, which was substantively enacted on 21 July 2010, provided for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011. Subsequent to the balance sheet date, on 29 March 2011 under the Provisional Collection of Taxes Act, the corporation tax rate was reduced to 26% with effect from 1 April 2011. As this additional 1% amendment had not been enacted at the balance sheet date the benefit has not been reflected in the company's effective tax rate.

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 23% by 1 April 2014. The future 1% main tax rate reductions are expected to have a similar impact on the company's financial statements as outlined above, subject to the impact of other developments in the company's tax position which may reduce the beneficial effect of this in the company's tax rate. As the further reductions in UK corporate tax rates have not been substantively enacted at the balance sheet date, this is considered a non-adjusting event and no adjustments have been made. The impact of any further reduction will be taken into account at subsequent reporting dates, once the change has been substantively enacted.

7. Dividends paid

	2010 £	2009 £
Final paid dividend £187,500 per ordinary share (2009 – nil)	<u>375,000</u>	<u>-</u>

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

8. Tangible fixed assets

	Short-term leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2010	24,047	76,341	100,388
Additions	-	1,482	1,482
At 31 December 2010	24,047	77,823	101,870
Accumulated depreciation			
At 1 January 2010	9,418	59,135	68,553
Charge for the year	4,716	7,995	12,711
At 31 December 2010	14,134	67,130	81,264
Net book value			
At 31 December 2010	9,913	10,693	20,606
At 31 December 2009	14,629	17,206	31,835

9. Debtors: amounts due within one year

	2010 £	2009 £
Trade debtors	1,046,721	1,176,458
Amounts owed by group undertakings	7,163	7,024
Deferred tax asset	22,677	28,336
Other debtors	12,253	35,265
Prepayments and accrued income	42,424	50,635
	<u>1,131,238</u>	<u>1,297,718</u>

Movement on deferred tax asset in the year

	2010 £	2009 £
At 1 January	28,336	15,878
(Charge)/credit to profit and loss account	(5,659)	12,458
At 31 December	<u>22,677</u>	<u>28,336</u>

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

9 Debtors amounts due within one year (continued)

An analysis of the deferred tax asset is given below

	2010 £	2009 £
Capital allowances in excess of depreciation	9,251	9,678
Short term timing differences	-	1,492
Share-based payments	13,426	17,166
At 31 December	<u>22,677</u>	<u>28,336</u>

10 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank overdraft	-	318,608
Trade creditors	60,129	32,895
Amounts owed to group undertakings	144,815	351,020
Corporation tax	273,728	18,342
Social security creditor	58,092	53,170
Other creditors	188,022	140,446
Accruals and deferred income	561,336	438,156
	<u>1,286,122</u>	<u>1,352,637</u>

11. Share capital

	2010 £	2009 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Statement of movements on reserves

	Share-based payments reserve £	Profit and loss account £
At 1 January 2010	72,765	(59,228)
Profit for the year	-	551,919
Dividends paid	-	(375,000)
Credit in relation to share-based payments (see note 14)	17,103	-
At 31 December 2010	<u>89,868</u>	<u>117,691</u>

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

13 Pension scheme

The company makes contributions to the group's defined contribution scheme. The assets of the scheme are held separately from those of the company and the group and the scheme is independently administered. The amount charged in the profit and loss account for the year ended 31 December 2010 was £42,720 (2009 – £46,981). In addition, contributions of £26,500 (2009 – £26,500) were made to the personal pension schemes of employees.

14 Share-based payments

The employees of the company participate in three share plans operated by the parent company, Chime Communications plc: an executive share option scheme, an employee savings related scheme (SAYE), and a deferred share scheme.

The company recognised total expenses of £17,103 relating to equity-settled share-based payment transactions (2009 - £19,989).

Executive Share Option Scheme

The exercise price of the options granted under the executive share option scheme is equal to the market value of Chime's shares at the time when the options are granted. The vesting period is generally three years but if the options are special options it is five years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before the options vest. All executive options granted from November 1997 (other than special executive options) are subject to performance criteria as set out in the report to the shareholders on directors' remuneration in the group annual report.

SAYE Scheme

Employees of the company participate in the employee savings related scheme (SAYE) run by the parent company, Chime Communications plc. The exercise price of the options granted under the employee savings related scheme is 80% of the market value at the date of offer. The vesting period is five years. If the options remain unexercised six months after this date, the options expire. Furthermore, the options are forfeited if the employee leaves the group before the options vest.

	2010		2009	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
Outstanding at the beginning of the year	62,927	1 194	54,015	1 553
Granted during the year	6,018	1 550	26,985	0 675
Lapsed during the year	-	-	(10,073)	1 528
Exercised during the year	(6,468)	1 467	(8,000)	1 450
Outstanding at the end of the year	<u>62,477</u>	<u>1 200</u>	<u>62,927</u>	<u>1 194</u>
Number of options exercisable at the end of the period	27,500		27,500	
Weighted average contractual life of share options outstanding	1,321 days		1,622 days	

Options outstanding at year end have exercise prices between £0.675 and £1.975

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

14 Share-based payments (continued)

New options were granted on 12 May 2010 (2009 – 22 May). The weighted average exercise price is £1.55 and the remaining contractual life is 5 years. The expected fair value of the options granted is £1,860 (2009 - £2,695).

The fair value of the options was calculated using the Black-Scholes model. In valuing the options, the following assumptions were used:

	2010	2009
Weighted average share price	£1.938	£0.843
Weighted average exercise price	£1.550	£0.675
Expected volatility	51%	33.58%
Expected life — savings related scheme	5.6 years	5.0 years
Risk-free rate	0.50%	0.50%
Dividend yield	3.96%	4.10%

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous two years.

Deferred Share Scheme

Under the deferred share scheme, restricted shares are awarded to employees at no cost to the employee. The vesting period is fixed at the grant date by the Remuneration Committee. Currently there are grants over vesting periods of two, three and four years from the date of award. If the employee leaves the group before vesting then the restricted shares are forfeited. The employee receives the dividend on the shares during the vesting period.

	Deferred shares	
	2010	2009
Outstanding at the beginning of the year	60,042	31,300
Awarded during the year	-	48,911
Lapsed during the year	(10,869)	(10,869)
Released during the year	(8,000)	(9,300)
Outstanding at the end of the year	41,173	60,042
Share price at date of award	£0.000	£0.920
Weighted average share price at date of release	£1.890	£1.175

The remaining contractual life of deferred shares outstanding at the end of the year is 411 days (2009 - 723 days). The estimated total fair value of shares awarded in 2009 is £29,668.

15. Contingent liabilities

The company, together with the ultimate parent company and certain other companies in the Chime Communications plc group, has given an unlimited cross-guarantee in favour of its bankers.

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2010

16. Controlling parties

The ultimate parent company, controlling party and the parent undertaking of the largest group for which the group accounts are prepared and of which the company is a member is Chime Communications plc, which is incorporated in Great Britain and registered in England and Wales. Copies of its financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The company's immediate parent undertaking and its immediate controlling party is Bell Pottinger Consultants Limited, incorporated in Great Britain and registered in England and Wales. Chime Communications plc is the smallest and largest group to consolidate these financial statements.

17. Related party transactions

Trading transactions

During the year the company entered into the following transactions with related parties

	Revenue and other income		Purchases and other operating costs		Amounts owed by related parties		Amounts owed to related parties	
	2010	2009	2010	2009	2010	2009	2010	2009
	£	£	£	£	£	£	£	£
Associates								
Rare Corporate Design Limited	-	-	42,324	60,135	-	-	1,288	3,030
Naked Eye Research Limited	-	-	1,048	-	-	-	1,231	-
Other								
TTA Public Relations Limited	-	-	30,058	33,604	-	-	2,500	2,653
Pelham Bell Pottinger Limited	45,000	-	81,200	-	-	-	26,250	-
	<u>45,000</u>	<u>-</u>	<u>154,630</u>	<u>93,739</u>	<u>-</u>	<u>-</u>	<u>31,269</u>	<u>5,683</u>

Rare Corporate Design Limited and Naked Eye Research Limited are associate companies of Chime Communications plc. TTA Public Relations Limited is 70% owned by Chime Communications plc and Pelham Bell Pottinger Limited is 60% owned by Chime Communications plc.

Services were provided to related parties at the group's usual list prices. Purchases were made at market price.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

18. Loan to Director

On 1 January 2010 there was an outstanding interest free loan of £27,250 to a director, Peter Bingle. The full amount of the loan was repaid by 31 July 2010. £27,250 was the maximum amount of the loan outstanding during that period.