

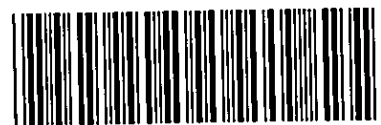
Company Registration No. 2488264

Bell Pottinger Public Affairs Limited

Report and Financial Statements

31 December 2011

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Bell Pottinger Public Affairs Limited

Report and financial statements 2011

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Bell Pottinger Public Affairs Limited

Report and financial statements 2011

Officers and professional advisers

Directors

T W G Collins
S A Loting (appointed 30 June 2012)
D C Beck (appointed 30 June 2012)
J H Leece
L J McCloy (resigned 18 February 2011)
N R Stockley (resigned 8 December 2011)
P Bingle (resigned 30 April 2012)

Secretary

N Barone (appointed 30 June 2012)
R E Davison (resigned 30 June 2012)

Registered Office

5th Floor, Holborn Gate
330 High Holborn
London, WC1V 7QD

Bankers

During the period
National Westminster Bank Plc
PO Box 4RY
250 Regent Street
London, W1A 4RY

From 1 July 2012
Barclays Bank PLC
PO Box 4WA
27 Soho Square
London, W1D 3QR

Solicitors

During the period
Slaughter and May
1 Bunhill Row
London, EC1Y 8YY

From 1 July 2012
Ashurst LLP
Broadwalk House
5 Appold Street
London, EC2A 2HA

Auditor

Deloitte LLP
London

Bell Pottinger Public Affairs Limited

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2011

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

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 be so

Subsequent Events

On 30th June 2012 the entire share capital of the company was acquired from Bell Pottinger Consultants Limited by BPP Communications Limited, a company incorporated in Great Britain and registered in England and Wales

It is not envisaged that there will be any significant changes to the trade or activity of the company

John Leece and David Beck are directors of Bell Pottinger Public Affairs Limited and shareholders in BPP Communications Limited and as such the disposal is noted as a related party transaction

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 £505,373 (2010 – £551,919) Dividends paid in the year amounted to £550,000 (2010 – £375,000)

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

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 from 1 July 2012 cash deposits and loan drawdowns have been pooled under the banking facility of BPP Communications Limited, which bears any interest due at variable rates

Liquidity risk the company operates under BPP Communications Limited's banking facility, which includes a £2,000,000 working capital facility £1,000,000 of this facility is available as an overdraft, with the balance being undrawn at 30 September 2012

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

Bell Pottinger Public Affairs Limited

Directors' report (continued)

Fair values of financial assets and financial liabilities at 31 December 2011 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

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 27 days in aggregate (2010 – 19 days)

Going concern

The directors have prepared cash flow forecasts which indicate that the company has adequate resources to continue in operational existence for the foreseeable future

The directors have concluded, based on the cash flow forecasts, that it is appropriate to prepare the accounts on a going concern basis See note 1 for further detail

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

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

J H Leece
Director



27 Sept 2012

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 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 2011 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 19. 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 on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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 given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's 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

28th September 2012

Bell Pottinger Public Affairs Limited

Profit and loss account Year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	1, 2	4,461,448	4,967,841
Cost of sales		(198,658)	(439,385)
Gross profit		4,262,790	4,528,456
Administrative expenses		(3,496,982)	(3,698,792)
Operating profit	3, 4	765,808	829,664
Other interest receivable and similar income	5	-	152
Profit on ordinary activities before taxation		765,808	829,816
Tax on profit on ordinary activities	6	(260,435)	(277,897)
Profit on ordinary activities after taxation		505,373	551,919

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 2011

		2011	2010
		£	£
Profit for the financial year		505,373	551,919
Dividends paid	7	(550,000)	(375,000)
Credit in relation to share-based payments		14,077	17,103
Net (decrease)/increase in shareholders' funds		(30,550)	194,022
Opening shareholders' funds		207,561	13,539
Closing shareholders' funds		177,011	207,561

Bell Pottinger Public Affairs Limited

Balance sheet 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	8	28,525	20,606
Current assets			
Work in progress		3,227	8,186
Debtors	9	1,093,557	1,131,238
Cash at bank and in hand		335	333,653
		1,097,119	1,473,077
Creditors: amounts falling due within one year	10	(948,633)	(1,286,122)
Net current assets		148,486	186,955
Net assets		177,011	207,561
Capital and reserves			
Called up share capital	11	2	2
Share-based payments reserve	12	103,945	89,868
Profit and loss account	12	73,064	117,691
Shareholders' funds		177,011	207,561

The financial statements of Bell Pottinger Public Affairs Limited, registered number 2488264, were approved by the Board of Directors on 27 Sept 2012

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 2011

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.

Going concern

The directors have prepared forecasts which indicate that the company has adequate resources to continue in operational existence for the foreseeable future, being not less than the 12 months following the date of signing the financial statements. In preparing these forecasts the directors have taken into account the current uncertain economic climate and the following key factors:

- The net assets/net current assets position of the company at the balance sheet date,
- 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 company was sold on 30 June 2012 and the new parent company is BPP Communications Limited as discussed in the Directors' Report. The company operates under BPP Communications Limited's banking facility which includes a £2,000,000 working capital facility and, as described in note 15, has given an unlimited cross guarantee in favour of its bankers.

The directors have concluded, based on these 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 2011**

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.

Chime Communications plc ("Chime"), issued 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 Chime 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 provided 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 was a wholly owned subsidiary on 31 December 2011 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 2011

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	
	2011	2010
	£	£
United Kingdom	4,347,367	4,387,983
Europe, Middle East and Africa	38,258	211,573
USA and rest of the world	75,823	368,285
	<u>4,461,448</u>	<u>4,967,841</u>

3 Directors' emoluments and employee remuneration

	2011	2010
	£	£
The aggregate emoluments of the directors were		
Aggregate emoluments excluding pension contributions	632,970	852,416
Pension contributions	50,456	47,250
	<u>683,426</u>	<u>899,666</u>
The emoluments of the highest paid director were		
Aggregate emoluments excluding pension contributions	337,355	410,197
Pension contributions	32,500	26,500
	<u>369,855</u>	<u>436,697</u>

One director (2010 - one) has retirement benefits accruing under a personal pension scheme.

One director (2010 - 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 2011

3. Directors' emoluments and employee remuneration (continued)

	2011 £	2010 £
Employee costs, including those of the directors, were as follows		
Wages and salaries	1,711,473	1,880,191
Social security costs	229,935	242,905
Other pension costs	75,281	69,220
Costs of share options granted to directors and employees	14,077	17,103
	<u>2,030,766</u>	<u>2,209,419</u>
	No	No.
The average number of persons employed during the year was		
Consultancy	25	24
Administration	2	1
	<u>27</u>	<u>25</u>

4. Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of owned tangible fixed assets	14,581	12,711
Fees payable to the company's auditor for the audit of the annual accounts	10,000	8,100
Fees payable to the company's auditor for tax services	3,200	3,200
	<u>27,781</u>	<u>23,911</u>

5. Other interest receivable and similar income

	2011 £	2010 £
Other interest	-	152
	<u>-</u>	<u>152</u>

6. Tax on profit on ordinary activities

Analysis of tax charge on ordinary activities

	2011 £	2010 £
UK Corporation tax at 26.5% (2010 – 28.0%) based on profit for the year	255,672	273,728
Adjustment in respect of prior years	-	(1,490)
Deferred taxation		
Origination and reversal of timing differences	4,763	4,166
Adjustments in respect of prior years	-	1,493
	<u>260,435</u>	<u>277,897</u>

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2011

6 Tax on profit on ordinary activities (continued)

Factors affecting tax charge

	2011 %	2010 %
Standard tax rate for period as a percentage of profits	26.25	28.0
Effects of		
Expenses not deductible for tax purposes	7.31	5.4
Deferred tax movements		
Prior period adjustments	-	(0.2)
Rate reduction	0.20	0.1
Capital allowances in excess of depreciation	0.14	-
Other deferred tax movements	(0.51)	(0.5)
	<u>33.39</u>	<u>32.8</u>

Future changes to tax legislation

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 27% to 26% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 and are expected to be enacted separately each year. For the year ended 31 December 2011, as the further reduction in statutory rate by 1% has been substantively enacted, deferred tax has been recognised on the balance sheet at 25%.

7 Dividends paid

	2011 £	2010 £
Final paid dividend £275,000 per ordinary share (2010 – £187,500)	<u>550,000</u>	<u>375,000</u>

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2011

8. Tangible fixed assets

	Short-term leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2011	24,047	77,823	101,870
Additions	-	22,500	22,500
Disposals	-	(6,308)	(6,308)
At 31 December 2011	24,047	94,015	118,062
Accumulated depreciation			
At 1 January 2011	14,134	67,130	81,264
Charge for the year	4,247	10,334	14,581
Disposals	-	(6,308)	(6,308)
At 31 December 2011	18,381	71,156	89,537
Net book value			
At 31 December 2011	5,666	22,859	28,525
At 31 December 2010	9,913	10,693	20,606

9. Debtors: amounts due within one year

	2011 £	2010 £
Trade debtors	1,004,208	1,046,721
Amounts owed by group undertakings	8,849	7,163
Deferred tax asset	17,914	22,677
Other debtors	25,828	12,253
Prepayments and accrued income	36,758	42,424
	<u>1,093,557</u>	<u>1,131,238</u>

Movement on deferred tax asset in the year

	2011 £	2010 £
At 1 January	22,677	28,336
Charge to profit and loss account	(4,763)	(5,659)
At 31 December	<u>17,914</u>	<u>22,677</u>

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2011

9. Debtors' amounts due within one year (continued)

An analysis of the deferred tax asset is given below

	2011 £	2010 £
Capital allowances in excess of depreciation	8,387	9,251
Share-based payments	9,527	13,426
At 31 December	<u>17,914</u>	<u>22,677</u>

10 Creditors' amounts falling due within one year

	2011 £	2010 £
Bank overdraft	64,206	-
Trade creditors	40,190	60,129
Amounts owed to group undertakings	2,500	144,815
Corporation tax	255,672	273,728
Other tax and social security	264,604	223,577
Other creditors	19,223	22,537
Accruals and deferred income	302,238	561,336
	<u>948,633</u>	<u>1,286,122</u>

11. Share capital

	2011 £	2010 £
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 2011	89,868	117,691
Profit for the year	-	505,373
Dividends paid	-	(550,000)
Credit in relation to share-based payments (see note 14)	<u>14,077</u>	<u>-</u>
At 31 December 2011	<u>103,945</u>	<u>73,064</u>

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2011

13 Pension scheme

The company made contributions to the Chime 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 2011 was £42,781 (2010 – £42,720). In addition, contributions of £32,500 (2010 – £26,500) were made to the personal pension schemes of employees.

14. Share-based payments

The employees of the company participated in four share plans operated by Chime Communications plc: an executive share option scheme, an employee savings related scheme (SAYE), a deferred share scheme, and a co-investment plan.

The company recognised total expenses of £14,077 relating to equity-settled share-based payment transactions (2010 – £17,103).

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 Chime Group annual report.

SAYE Scheme

Employees of the company participated in the employee savings related scheme (SAYE) run by 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 Chime Group before the options vest.

	2011		2010	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
Outstanding at the beginning of the year	62,477	1 200	62,927	1 194
Granted during the year	-	-	6,018	1 550
Lapsed during the year	(16,846)	1 675	-	-
Exercised during the year	(16,495)	1 112	(6,468)	1 467
Outstanding at the end of the year	<u>29,136</u>	<u>0 991</u>	<u>62,477</u>	<u>1 200</u>
Number of options exercisable at the end of the period	7,000		27,500	
Weighted average contractual life of share options outstanding	1,059 days		1,321 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 2011

14 Share-based payments (continued)

No new options were granted during the year (2010 – 12 May) The expected fair value of the options granted in the prior year was £1,860

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

	2011	2010
Weighted average share price	£2 640	£1 938
Weighted average exercise price	£2 150	£1 550
Expected volatility	53%	51%
Expected life — savings related scheme	5.7 years	5.6 years
Risk-free rate	0.50%	0.50%
Dividend yield	2.29%	3.96%

Expected volatility was determined by calculating the historical volatility of the Chime 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 Chime Group before vesting then the restricted shares are forfeited The employee receives the dividend on the shares during the vesting period

	Deferred shares	
	2011	2010
Outstanding at the beginning of the year	41,173	60,042
Lapsed during the year	(2,000)	(10,869)
Released during the year	(12,000)	(8,000)
Outstanding at the end of the year	27,173	41,173

Weighted average share price at date of release	£2 690	£1 890
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The remaining contractual life of deferred shares outstanding at the end of the year is 182 days (2010 - 411 days)

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2011

14. Share-based payments (continued)

Co-Investment Plan

The matching shares awarded under the co-investment plan are awarded to employees at nil cost. The vesting period is three years. If the employee leaves the Chime Group before vesting then the matching shares are forfeited. If the employee disposes of any of their committed shares then the matching shares awarded would be reduced accordingly. The matching shares awarded are subject to performance criteria relating to the Chime Communications plc group. Further information on the scheme is included in the financial statements of Chime Communications plc.

	Co-investment plan 2011
Outstanding at the beginning of the year	-
Granted during the year	101,983
Outstanding at the end of the year	101,983

The estimated fair value of the matching shares awarded is £32,593. The remaining contractual life was 975 days.

15. Contingent liabilities

At 31st December 2011 the company, together with the ultimate parent company at that date and certain other companies in the Chime Communications plc group, had given an unlimited cross guarantee in favour of its bankers.

From 30 June 2012 the company, together with the ultimate parent company and certain other group companies, has given an unlimited cross guarantee in favour of its bankers.

16. Controlling parties

At 31 December 2011 the company's ultimate parent undertaking and its ultimate controlling party was 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, Maundy, Cardiff CF14 3UZ. The company's immediate parent undertaking and its immediate controlling party was 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.

Following its acquisition on 30 June 2012 the company's immediate and ultimate parent undertaking and its ultimate controlling party is BPP Communications Limited which is incorporated in Great Britain and registered in England and Wales.

Bell Pottinger Public Affairs Limited

Notes to the financial statements Year ended 31 December 2011

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	
	2011	2010	2011	2010	2011	2010	2011	2010
	£	£	£	£	£	£	£	£
Associates								
Rare Corporate Design Limited	-	-	8,817	42,324	-	-	504	1,288
Naked Eye Research Limited	-	-	-	1,048	-	-	-	1,231
Other								
TTA Public Relations Limited	-	-	32,905	30,058	-	-	2,500	2,500
Pelham Bell Pottinger Limited	29,075	45,000	19,300	81,200	-	-	1,380	26,250
	<u>29,075</u>	<u>45,000</u>	<u>61,022</u>	<u>154,630</u>	<u>-</u>	<u>-</u>	<u>4,384</u>	<u>31,269</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 was 60% owned by Chime Communications plc.

Services were provided to related parties at Chime 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.

The company has taken advantage of the exemption granted under paragraph 3(c) of FRS 8 'Related parties disclosures' and has not disclosed details of transactions with other wholly owned group companies.

18. Loan to director

On 13 January 2011 the company made an interest free loan of £20,000 to a director, Peter Bingle. The maximum amount of the loan outstanding during the year was £20,000 and the amount outstanding at the year end was £18,000.

19. Subsequent events

On 30th June 2012 the entire share capital of the company was acquired from Bell Pottinger Consultants Limited by BPP Communications Limited, a company incorporated in Great Britain and registered in England and Wales.

It is not envisaged that there will be any significant changes to the trade or activity of the company.