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Company Registration No. 2488264

Bell Pottinger Public Affairs Limited

Report and Financial Statements

31 December 2008

Bell Pottinger Public Affairs Limited

Report and financial statements 2008

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Bell Pottinger Public Affairs Limited

Report and financial statements 2008

Officers and professional advisers

Directors

P Bingle
J H Leece
J M Caine (appointed 20 February 2008)
L E Chauveau (appointed 20 February 2008, resigned 31 December 2008)
L J McCloy (appointed 20 February 2008)
P M Montague-Smith (appointed 20 February 2008, resigned 30 June 2009)
D E Sowells (appointed 20 February 2008, resigned 30 September 2009)
N R Stockley (appointed 20 February 2008)

Secretary

R E Davison

Registered Office

14 Curzon Street
London
W1J 5HN

Bankers

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

Solicitors

Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

Auditors

Deloitte LLP
Chartered Accountants
London

Bell Pottinger Public Affairs Limited

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

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 £548,656 (2007– £815,857). Dividends paid in the year amounted to £590,000 (2007 – £875,000).

Directors

The directors of the company 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. On 20 August 2008 Chime agreed to 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 2008 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 amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year, was 29 days in aggregate (2007 – 25 days).

Going concern

The accounts have been prepared on a going concern basis, see note 1.

Auditors

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

J H Leece

J H Leece
Director
29 Oct 2009

Bell Pottinger Public Affairs Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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). The financial statements are required by law to 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 those 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 proper accounting records which 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 1985. 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 auditors' 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 2008 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

30 October 2009

Bell Pottinger Public Affairs Limited

Profit and loss account
Year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	1, 2	5,342,408	5,508,737
Cost of sales		(481,625)	(498,842)
Gross profit		4,860,783	5,009,895
Administrative expenses		(3,974,470)	(3,823,479)
Operating profit	3, 4	886,313	1,186,416
Other interest receivable and similar income	5	2,260	-
Profit on ordinary activities before taxation		888,573	1,186,416
Tax on profit on ordinary activities	6	(339,917)	(370,559)
Profit on ordinary activities after taxation		548,656	815,857

All activities derive from continuing operations.

There are no other recognised gains or losses for the current or preceding financial years 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 2008

	2008 £	2007 £
Profit for the financial year	548,656	815,857
Dividends paid	(590,000)	(875,000)
Credit in relation to share-based payments	18,175	13,279
Net decrease in shareholders' funds	(23,169)	(45,864)
Opening shareholders' funds	26,662	72,526
Closing shareholders' funds	3,493	26,662

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Bell Pottinger Public Affairs Limited

Balance sheet
31 December 2008

	Notes		2008		2007
		£	£	£	£
Fixed assets					
Tangible assets	8		68,542		46,390
Current assets					
Work in progress		45,894		37,150	
Debtors	9	1,752,264		2,106,164	
Cash at bank and in hand		250		250	
		1,798,408		2,143,564	
Creditors: amounts falling due within one year	10	(1,863,457)		(2,163,292)	
Net current liabilities			(65,049)		(19,728)
Net assets			3,493		26,662
Capital and reserves					
Called up share capital	12		2		2
Share-based payments reserve	13, 15		52,776		34,601
Profit and loss account	13		(49,285)		(7,941)
Shareholders' funds			3,493		26,662

These financial statements were approved by the Board of Directors on 26 Oct 2009.

Signed on behalf of the Board of Directors

J H Leece

J H Leece
Director

Notes to the financial statements
Year ended 31 December 2008

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 2008.

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, taking into account a letter of support supplied by its parent company confirming that they will not require repayment of £440,090 in relation to intercompany balances for a period of 12 months unless the company has sufficient funds to do so. In preparing these forecasts the directors have taken into account the following key factors:

- the possible impact of the continued economic downturn on the company's business;
- 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 currently has net liabilities resulting from balances owed to other Chime group companies of £440,090. The company operates under Chime's banking facility. On 20 August 2008 Chime agreed to 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. This facility is subject to banking covenants. The company, together with Chime and certain other companies in the Chime Communications plc group, has given an unlimited cross-guarantee in favour of its bankers.

The directors have concluded, based on the cash flow forecasts and the commitment made by Chime under the cross-guarantee it has entered into, 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%
Motor vehicles	-	$16\frac{2}{3}$%
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.

1. Accounting policies (continued)

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.

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.

Finance leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their estimated useful economic lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. The interest charges are borne by another group company.

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.

Notes to the financial statements
Year ended 31 December 2008

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	
	2008	2007
	£	£
United Kingdom	4,716,912	5,359,637
Europe, Middle East and Africa	581,644	122,500
USA and rest of the world	43,852	26,600
	5,342,408	5,508,737

3. Directors' emoluments and employee remuneration

	2008	2007
	£	£
The aggregate emoluments of the directors were:		
Aggregate emoluments excluding pension contributions	971,242	381,408
Pension contributions	50,275	21,200
	1,021,517	402,608
The emoluments of the highest paid director were:		
Aggregate emoluments excluding pension contributions	372,831	381,408
Pension contributions	21,200	21,200
	394,031	402,608

One director (2007 - one) has retirement benefits accruing under a personal pension scheme.

One director (2007 - one) exercised share options in Chime Communications plc during the year.

	2008	2007
	£	£
Employee costs, including those of the directors, were as follows:		
Wages and salaries	2,059,935	1,980,335
Social security costs	270,346	262,945
Other pension costs	73,318	70,427
Costs of share options granted to directors and employees	18,175	13,279
	2,421,774	2,326,986

	No.	No.
Average number of persons employed during the year		
Consultancy	28	28
Administration	2	2
	30	30

Notes to the financial statements
Year ended 31 December 2008

4. Operating profit

	2008 £	2007 £
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	18,904	14,348
Depreciation of assets held under finance leases	4,942	4,942
Fees payable to the company's auditors for the audit of the annual accounts	8,100	7,250
Fees payable to the company's auditors for tax services	2,894	2,864

5. Other interest receivable and similar income

	2008 £	2007 £
Other interest	2,260	-

6. Tax on profit on ordinary activities

Analysis of tax charge on ordinary activities:

	2008 £	2007 £
UK Corporation tax at 28.5 % (2007 – 30%) based on profit for the year	336,869	397,258
Adjustment in respect of prior years	1,245	(28,923)
Deferred taxation:		
Origination and reversal of timing differences	2,884	896
Adjustments in respect of prior years	(1,081)	1,328
	339,917	370,559

Factors affecting tax charge:

	2008 %	2007 %
Standard tax rate for period as a percentage of profits	28.5	30.0
Effects of:		
Expenses not deductible for tax purposes	9.4	3.6
Deferred tax movements	0.3	(0.2)
Prior period adjustments	-	(2.4)
	38.2	31.0

Notes to the financial statements
Year ended 31 December 2008

7. Dividends paid

	2008 £	2007 £
Final paid dividend £295,000 per ordinary share (2007: £437,500)	590,000	875,000

8. Tangible fixed assets

	Short-term leasehold improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2008	2,810	62,583	61,310	126,703
Additions	21,237	-	24,761	45,998
At 31 December 2008	24,047	62,583	86,071	172,701
Depreciation				
At 1 January 2008	1,218	29,675	49,420	80,313
Charge for the year	3,391	10,437	10,018	23,846
At 31 December 2008	4,609	40,112	59,438	104,159
Net book value				
At 31 December 2008	19,438	22,471	26,633	68,542
At 31 December 2007	1,592	32,908	11,890	46,390

The net book value of fixed assets under finance lease was £nil (2007: £16,882).

9. Debtors: amounts due within one year

	2008 £	2007 £
Trade debtors	1,422,703	1,560,175
Amounts owed by group undertakings	-	107,873
Deferred tax asset	15,878	17,681
Other debtors	10,058	1,072
Prepayments and accrued income	303,625	419,363
	1,752,264	2,106,164

9. Debtors (continued)

Movement on deferred tax asset in the year:

	2008 £	2007 £
At 1 January	17,681	19,905
Charge to profit and loss account	(1,803)	(2,224)
At 31 December	15,878	17,681

An analysis of the deferred tax asset is given below:

	2008 £	2007 £
Capital allowances in excess of depreciation	13,807	12,571
Share-based payments	2,071	5,110
At 31 December	15,878	17,681

10. Creditors: amounts falling due within one year

	2008 £	2007 £
Bank overdraft	297,526	576,676
Obligations under finance leases	-	7,303
Trade creditors	64,961	88,150
Amounts owed to group undertakings	440,090	379,913
Corporation tax	336,870	397,258
Social security creditor	73,755	62,733
Other creditors	159,681	154,870
Accruals and deferred income	490,574	496,389
	1,863,457	2,163,292

Notes to the financial statements
Year ended 31 December 2008

11. Obligations under finance leases

	Minimum lease payments 2008 £	Present value of lease payments 2008 £	Minimum lease payments 2007 £	Present value of lease payments 2007
Amounts payable under finance leases				
Within one year	-	-	7,467	7,303
	-	-	7,467	7,303
Less: future finance charges	-	-	(164)	-
	-	-	7,303	7,303
Less: amount due for settlement within 12 months (shown under current liabilities)		-		(7,303)
Amount due for settlement after 12 months		-		-

It is the company's policy to lease certain of its motor vehicles, fixtures, fittings and equipment under finance leases. The lease term is three years. The finance lease bears interest at variable rate of 1.4% above base rate.

All lease obligations are denominated in sterling.

The fair value of the company's lease obligations approximates their carrying amount.

The company's obligations under finance leases are secured by the lessors' charges over the leased assets.

12. Share capital

	2008 £	2007 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2

Notes to the financial statements
Year ended 31 December 2008

13. Statement of movements on reserves

	Share-based payments reserve £	Profit and loss account £
At 1 January 2008	34,601	(7,941)
Profit for the year	-	548,656
Dividends paid	-	(590,000)
Credit in relation to share-based payments (see note 15)	18,175	-
At 31 December 2008	52,776	(49,285)

14. 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 2008 was £52,118 (2007 – £49,227). In addition, contributions of £21,200 (2007 – £21,200) were made to the personal pension schemes of employees.

15. Share-based payments

Equity-settled share plans

The company operates three share plans for the benefit of the employees of the company: an executive share option scheme, an employee savings related scheme and a deferred share 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.

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.

Under the deferred share scheme, restricted shares are awarded to employees at nil cost to the employee. The vesting period is three 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.

Notes to the financial statements
Year ended 31 December 2008

15. Share based payments (continued)

Equity-settled share plans

Share Options

	2008		2007 restated	
	Options	Weighted average exercise price (in £)	Options	Weighted average exercise price (in £)
Outstanding at the beginning of the year	53,820	1.590	67,320	1.635
Granted during the year	4,282	1.125	-	-
Lapsed during the year	(4,087)	1.600	(1,500)	1.450
Exercised during the year	-	-	(12,000)	1.860
Outstanding at the end of the year	54,015	1.553	53,820	1.590
Exercisable at the end of the year	24,000		24,000	

The weighted average share price at the date of exercise for share options exercised during the year was £nil (2007 - £2.680). The options outstanding at 31 December 2008 had a weighted average exercise price of £1.553 (2007 - £1.590) and a weighted average remaining contractual life of 1,735 days (2007 – 1,990 days). In 2008 options were granted on 18 May; the aggregate of the estimated fair values of the options granted on that date was £1,050.
The fair value was calculated using the Black-Scholes model (2007 – Black-Scholes).

In valuing the options, the following assumptions were used:

	2008	2007 restated
Weighted average share price	£1.400	-
Weighted average exercise price	£1.125	-
Expected volatility	33.58%	-
Expected life – savings related scheme	5 years	-
Risk-free rate	5.0%	-
Dividend yield	2.5%	-

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

Deferred Shares

	Deferred shares 2008	2007 restated
Outstanding at the beginning of the year	17,300	9,300
Awarded during the year	14,000	8,000
Outstanding at the end of the year	31,300	17,300

Notes to the financial statements
Year ended 31 December 2008

15. Share-based payments (continued)

The restricted shares were awarded on 28 May 2008, the share price at the date of award was £ 1.257 (2007 - £2.775). The remaining contractual life is 579 days (2007 – 702). The estimated fair values of the restricted shares awarded was £14,636 (2007 - £17,303).

The fair value was calculated with reference to the share price at the date of award.

The company recognised total expenses of £18,175 and £13,279 related to equity-settled share-based payment transactions in 2008 and 2007 respectively.

Comparatives have been restated to take account of the 1 for 5 share consolidation carried out by Chime on 14 May 2008.

16. 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.

17. 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.

18. Related party transactions

The company has taken advantage of the exemption granted under paragraph 3(c) of FRS 8 and has not disclosed details of transactions with group companies qualifying as related parties.

19. 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.