

**Company Registration No. 2488264**

**Bell Pottinger Public Affairs Limited**

**Report and Financial Statements**

**31 December 2004**



# **Bell Pottinger Public Affairs Limited**

## **Report and financial statements 2004**

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# **Bell Pottinger Public Affairs Limited**

## **Report and financial statements 2004**

### **Officers and professional advisers**

#### **Directors**

P Bingle  
J H Leece

#### **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 & Touche 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 2004.

### 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 5 and shows a profit after taxation for the year of £1,297,620 (2003 – £653,525). Dividends paid in the year amounted to £1,000,000 (2003 – £710,000).

### Directors and their interests

The directors of the company, all of whom were directors for the whole period, and their interests (all of which were beneficially held) are set out below:

	Chime Communications plc Ordinary shares		Chime Communications plc Executive Share Option Scheme Shares under Option			
	1 January 2004 No.	31 December 2004 No.	1 January 2004 No.	Granted during the year No.	Exercised during the year No.	31 December 2004 No.
P Bingle	-	-	70,000	60,000	-	130,000

The interests of J H Leece in Chime Communications plc are shown in the financial statements of Bell Pottinger Communications Limited. None of the directors held any beneficial interests in the shares of this company or any other group company at 1 January 2004, or at 31 December 2004.

### Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor 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  
Director

31/10/2005

## **Bell Pottinger Public Affairs Limited**

### **Statement of Directors' Responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a 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 the system of internal control, 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 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, 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 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**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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.

### **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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

31/10/2005

# Bell Pottinger Public Affairs Limited

## Profit and loss account Year ended 31 December 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	1	4,051,004	3,086,812
Cost of sales		(235,581)	(278,257)
<b>Gross profit</b>		3,815,423	2,808,555
Administrative expenses		(2,493,163)	(1,848,213)
Other income		264,000	-
<b>Operating profit</b>	2,3	1,586,260	960,342
Profit on disposal of fixed asset investment	4	163,489	-
<b>Profit on ordinary activities before interest</b>		1,749,749	960,342
Other interest receivable and similar income	5	14,575	-
Interest payable and similar charges	6	-	(25)
<b>Profit on ordinary activities before taxation</b>		1,764,324	960,317
Tax on profit on ordinary activities	7	(466,704)	(306,792)
<b>Profit on ordinary activities after taxation</b>		1,297,620	653,525
Dividends paid	8	(1,000,000)	(710,000)
<b>Retained profit/(loss) for the financial year</b>	13	297,620	(56,475)

Turnover and operating profit relate to continuing operations.

## **Bell Pottinger Public Affairs Limited**

### **Statement of total recognised gains and losses Year ended 31 December 2004**

	<b>2004</b> <b>£</b>	<b>2003</b> <b>£</b>
Profit for the financial year	1,297,620	653,525
<b>Total recognised gains relating to the year</b>	<u>1,297,620</u>	<u>653,525</u>

### **Reconciliation of movements in shareholders' funds Year ended 31 December 2004**

	<b>2004</b> <b>£</b>	<b>2003</b> <b>£</b>
Profit for the financial year	1,297,620	653,525
Dividends paid	(1,000,000)	(710,000)
<b>Net increase/(decrease) in shareholders' funds</b>	<u>297,620</u>	<u>(56,475)</u>
<b>Opening shareholders' funds</b>	11,651	68,126
<b>Closing shareholders' funds</b>	<u>309,271</u>	<u>11,651</u>



# Bell Pottinger Public Affairs Limited

## Balance sheet

31 December 2004

	Notes	£	2004 £	£	2003 £
<b>Fixed assets</b>					
Tangible assets	9		70,306		31,776
Investments	10		-		-
			<u>70,306</u>		<u>31,776</u>
<b>Current assets</b>					
Work in progress		6,988		4,882	
Debtors	11	1,908,871		857,681	
Cash at bank and in hand		250		490,825	
		<u>1,916,109</u>		<u>1,353,388</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,677,144)</u>		<u>(1,373,513)</u>	
<b>Net current liabilities</b>			<u>238,965</u>		<u>(20,125)</u>
<b>Net assets</b>			<u>309,271</u>		<u>11,651</u>
<b>Capital and reserves</b>					
Called up share capital	13		2		2
Profit and loss account	14		<u>309,269</u>		<u>11,649</u>
<b>Equity shareholders' funds</b>			<u>309,271</u>		<u>11,651</u>

These financial statements were approved by the Board of Directors on *31 October* 2005.

Signed on behalf of the Board of Directors



J H Leece  
Director

# Bell Pottinger Public Affairs Limited

## Notes to the accounts

Year ended 31 December 2004

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom 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.

#### 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.

#### Depreciation

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

Motor vehicles	-	16 <sup>2</sup> / <sub>3</sub> %
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.

#### Deferred taxation

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.

#### Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

# Bell Pottinger Public Affairs Limited

## Notes to the accounts

Year ended 31 December 2004

### 2. Directors' emoluments and employee remuneration

	2004 £	2003 £
The aggregate emoluments of the directors were:		
Aggregate emoluments excluding pension contributions	251,802	253,701
Pension contributions	14,400	14,400
	<u>266,202</u>	<u>268,101</u>
The emoluments of the highest paid director were:		
Aggregate emoluments excluding pension contributions	251,802	253,701
Pension contributions	14,400	14,400
	<u>266,202</u>	<u>268,101</u>

One director (2003 – one) has retirement benefits accruing under a personal pension scheme.

No directors (2003 - nil) exercised share options in Chime Communications plc during the year.

	2004 £	2003 £
Employee costs, including those of the directors, were as follows:		
Wages and salaries	1,428,054	1,070,307
Social security costs	176,660	126,931
Other pension costs	46,445	39,742
	<u>1,651,159</u>	<u>1,236,980</u>

	No.	No.
Average number of persons employed during the year		
Consultancy	22	18
Administration	1	1
	<u>23</u>	<u>19</u>

### 3. Operating profit

	2004 £	2003 £
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	13,887	26,239
Auditors' remuneration – audit services	6,500	5,500
Other fees paid to auditors	4,209	6,918
Profit on disposal of fixed assets	(40)	-
	<u></u>	<u></u>

# Bell Pottinger Public Affairs Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 4. Profit on disposal of fixed asset investment

On 29 December 2004 the company received verbal notice of Yougov Limited's intention to buy back shares and accordingly the company disposed of its shareholding in Yougov Limited for £169,000. The disposal resulted in a net profit of £163,489 which is shown as Profit on disposal of a fixed asset investment in the profit and loss account. Costs arising on disposal were £5,511.

#### 5. Other interest receivable and similar income

	2004 £	2003 £
Bank interest	-	-
Other interest	14,575	-
	<u>14,575</u>	<u>-</u>

#### 6. Interest payable and similar charges

	2004 £	2003 £
Bank interest	-	25
	<u>-</u>	<u>25</u>

#### 7. Tax on profit on ordinary activities

##### *Analysis of tax charge on ordinary activities:*

	2004 £	2003 £
UK Corporation tax at 30% (2003 – 30%) based on profit for the year	472,606	302,941
Adjustment in respect of prior years	(10,834)	8,234
Deferred taxation:		
Origination and reversal of timing differences	4,098	3,851
Adjustments in respect of prior years	834	(8,234)
	<u>466,704</u>	<u>306,792</u>

##### *Factors affecting tax charge:*

	2004 %	2003 %
Standard tax rate for period as a percentage of profits	30	30
Effects of:		
Expenses not deductible for tax purposes	(3)	2
Prior period adjustments	(1)	1
	<u>26</u>	<u>33</u>

# Bell Pottinger Public Affairs Limited

## Notes to the accounts Year ended 31 December 2004

### 8. Dividends paid

	2004 £	2003 £
Final paid dividend £500,000 per ordinary share (2003: £355,000)	1,000,000	710,000

### 9. Tangible fixed assets

	Motor vehicles £	Fixtures, Fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 2004	45,943	125,287	171,230
Additions	32,562	19,855	52,417
Disposals	(19,879)	-	(19,879)
At 31 December 2004	58,626	145,142	203,768
<b>Depreciation</b>			
At 1 January 2004	28,207	111,247	139,454
Charge for the year	4,796	9,091	13,887
On disposals	(19,879)	-	(19,879)
At 31 December 2004	13,124	120,338	133,462
<b>Net book value</b>			
At 31 December 2004	45,502	24,804	70,306
At 31 December 2003	17,736	14,040	31,776

### 10. Investments

Historically, the company has had a 2.5% share holding in Yougov Limited, a company incorporated in Great Britain, which is engaged in the provision of market research services. As indicated in note 4, the investment in Yougov Limited was disposed of on 29 December 2004. The carrying value of the investment at the date of disposal was £nil (2003: £nil).

### 11. Debtors

	2004 £	2003 £
Trade debtors	1,348,271	651,467
Amounts owed by group undertakings	11,000	76,599
Deferred tax asset	21,533	26,465
Other debtors	459,200	3,148
Prepayments and accrued income	68,867	100,002
	1,908,871	857,681

# Bell Pottinger Public Affairs Limited

## Notes to the accounts

Year ended 31 December 2004

### 11. Debtors (continued)

*Movement on deferred tax asset in the year:*

	2004 £	2003 £
At 1 January	26,465	22,082
(Charge)/credit to profit and loss account	(4,932)	4,383
At 31 December	<u>21,533</u>	<u>26,465</u>

*An analysis of the deferred tax asset is given below:*

	2004 £	2003 £
Capital allowances in excess of depreciation	19,300	25,351
Short term timing differences	2,233	1,114
At 31 December	<u>21,533</u>	<u>26,465</u>

### 12. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	196,890	-
Trade creditors	63,807	38,932
Amounts owed to group undertakings	270,790	394,186
Corporation tax	529,851	370,186
Social Security creditor	51,162	47,757
Other creditors	165,820	151,623
Accruals and deferred income	398,824	370,829
	<u>1,677,144</u>	<u>1,373,513</u>

# Bell Pottinger Public Affairs Limited

## Notes to the accounts Year ended 31 December 2004

### 13. Called up share capital

	2004 £	2003 £
<b>Authorised:</b>		
100 ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid:</b>		
2 ordinary shares of £1 each	2	2

### 14. Statement of movement on reserves

	£
At 1 January 2004	11,649
Retained profits for the year	297,620
At 31 December 2004	309,269

### 15. 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 2004 amounted to £32,045 (2003 – £25,342). In addition, contributions of £14,400 (2003 – £14,400) were made to the personal pension schemes of employees.

### 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. Ultimate parent undertaking

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. 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. 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, 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.