

Company Number 01030919

MUNRO & FORSTER

COMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2006

**Gorman Seaton & Co. Ltd
Chartered Certified Accountants,**

**74, Chancery Lane,
London, WC2A 1AD.**

FRIDAY



AIV0BLYH

A01

05/01/2007

474

COMPANIES HOUSE

MUNRO & FORSTER COMMUNICATIONS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2006

DIRECTORS

Mr. B. R. Gunson

Mrs. J. Jones

Mrs. S. Hart

Ms. L. Kinghorn

SECRETARY

Ms. L. Kinghorn

BANK

National Westminster Bank Plc.,
250 Regent Street,
London,
W1A 4RY.

AUDITORS

Gorman Seaton & Co. Ltd
74, Chancery Lane,
London,
WC2A 1AD.

REGISTERED OFFICE

89 Albert Embankment,
London,
SE1 7TP

MUNRO & FORSTER COMMUNICATIONS LIMITED**REPORT OF THE DIRECTORS****FOR THE YEAR ENDED 31st MARCH 2006**

The Directors present herewith their annual report, together with the audited financial statements of the Company for the year ended 31st March 2006.

PRINCIPAL ACTIVITY

The Company's principal activity during the year continued to be that of public relations consultants.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £192,139 as shown on page 5.

The directors do not recommend the payment of a dividend.

BUSINESS REVIEW

During the year our consumer business grew strongly and the company continued to develop key relationships with clients in all business sectors resulting in increased fee income. This led to a 7% increase in gross profit for the year and a substantial increase in operating profit which grew by 190%.

Our principal risk comes from increasing regulation in the environment in which the company operates.

The profit retained for the year has strengthened the balance sheet and the directors consider the the balance sheet position to be satisfactory. Cash reserves and working capital are considered adequate for the company's needs.

DIRECTORS AND THEIR INTERESTS

The Directors who have served throughout the year and their interests in the share capital of the Company were as follows:-

	Number of Ordinary Shares of £1 each	
	<u>At 31.3.2006</u>	<u>At 31.3.2005</u>
Mr. B.R.Gunson	102	122
Mrs. J. Jones	20	-
Mrs. S. Hart	-	-

Ms. L. Kinghorn was appointed as a director on 14th August 2006.

Directors' interests in share options of the company, under its Enterprise Management Incentive Scheme, at 31st March 2006 were as follows:

	Number of Ordinary Shares of £1 each	Exercise Price	Option exercise period
Mrs. J. Jones	40	£2,375	21st April 2004 to 20th April 2014
Mrs. S. Hart	20	£2,375	21st April 2004 to 20th April 2014

Mrs. J. Jones exercised her option to acquire 40 shares on 21st August 2006.

MUNRO & FORSTER COMMUNICATIONS LIMITED**REPORT OF THE DIRECTORS****FOR THE YEAR ENDED 31st MARCH 2006****DIRECTORS' RESPONSIBILITIES**

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 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all of the steps which they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

AUDITORS

Gorman Seaton & Co. resigned as auditors on 1st May 2006 and Gorman Seaton & Co. Ltd were appointed in their place. Gorman Seaton & Co. Ltd have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

**Authorised by the Board of Directors
and signed on behalf of the Board**



Ms. L. Kinghorn

Secretary

11th December 2006

REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF MUNRO & FORSTER COMMUNICATIONS LIMITED

We have audited the financial statements of Munro & Forster Communications Limited for the year ended 31st March 2006 on pages 5 to 13. These financial statements have been prepared in accordance with 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 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 which we have formed.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Auditing Standards 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 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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.

REPORT OF THE INDEPENDENT AUDITORS (continued)
TO THE SHAREHOLDERS OF MUNRO & FORSTER COMMUNICATIONS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accountancy Practice, of the state of the company's affairs as at 31st March 2006 and of its profit for the year then ended and 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
- the company is entitled to the exemption conferred by Section 248 (1) of the Companies Act 1985 from the requirement to prepare group accounts for the year ended 31st March 2006.

Gorman Seaton & Co. Ltd

GORMAN SEATON & CO. LTD

Chartered Certified Accountants

Registered Auditors

**74 Chancery Lane,
London.
WC2A 1AD.**

11th December 2006

MUNRO & FORSTER COMMUNICATIONS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31st MARCH 2006**

		<u>2006</u>	<u>2005</u>
	<u>Notes</u>	£	£
TURNOVER	1	5,861,558	6,026,948
COST OF SALES		(2,119,496)	(2,536,350)
GROSS PROFIT		3,742,062	3,490,598
Administrative expenses		(3,527,745)	(3,416,592)
OPERATING PROFIT	2	214,317	74,006
Bank interest receivable		31,807	20,090
Hire purchase interest		-	(4,012)
		31,807	16,078
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		246,124	90,084
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	(53,985)	(34,049)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		192,139	56,035
RETAINED PROFIT BROUGHT FORWARD		786,017	729,982
Bonus issue of shares		-	(24)
Transfer from capital redemption reserve		-	24
RETAINED PROFIT CARRIED FORWARD		<u>£ 978,156</u>	<u>£ 786,017</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

MUNRO & FORSTER COMMUNICATIONS LIMITED**BALANCE SHEET****AT 31st MARCH 2006**

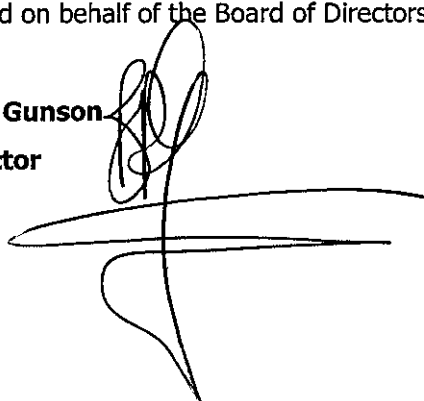
		<u>2006</u>		<u>2005</u>
		£	£	£
	<u>Notes</u>			
FIXED ASSETS				
Tangible assets	6	142,408		152,169
Investments	7	100		100
		<u>142,508</u>		<u>152,269</u>
CURRENT ASSETS				
Debtors	8	1,157,323	1,999,943	
Cash at bank and in hand		<u>1,890,918</u>	<u>569,980</u>	
		3,048,241	2,569,923	
CREDITORS - amounts falling due within one year	9	<u>(2,212,393)</u>	<u>(1,935,975)</u>	
NET CURRENT ASSETS		835,848		633,948
NET ASSETS		<u>£ 978,356</u>	<u>£ 786,217</u>	
CAPITAL AND RESERVES				
Called up share capital	10	122		122
Capital redemption reserve	11	78		78
Profit and Loss account		<u>978,156</u>	<u>786,017</u>	
Shareholders' Funds	12	<u>£ 978,356</u>	<u>£ 786,217</u>	

These financial statements were approved by the Board of Directors
on 11th December 2006

Signed on behalf of the Board of Directors

B. R. Gunson

Director



MUNRO & FORSTER COMMUNICATIONS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31st MARCH 2006**

	<u>2006</u>		<u>2005</u>	
	£	£	£	£
Net cash inflow/(outflow) from operating activities (note 1)		1,378,108		(749,618)
Return on investments and servicing of finance				
Bank interest received	31,807		20,090	
Interest element of hire purchase charges	-		(4,012)	
Net cash inflow from return on investments and servicing of finance		31,807		16,078
Taxation				
Corporation Tax (paid)		(44,910)		(76,008)
Investing activities				
Payments to acquire tangible fixed assets	(44,067)		(67,777)	
Receipts from sale of tangible fixed assets	-		5,000	
Net cash (outflow) from investing activities		(44,067)		(62,777)
Net cash inflow/(outflow) before financing		1,320,938		(872,325)
Financing				
Hire purchase repayments		-		(16,923)
Increase/(decrease) in Cash		£ 1,320,938		£ (889,248)
Reconciliation of net cash flow to movement in net funds (note 2)				
Increase/(decrease) in Cash		1,320,938		(889,248)
Cash outflow from decrease in financing		-		16,923
Movement in net funds in the period		1,320,938		(872,325)
Net funds at 1st April 2005		569,980		1,442,305
Net funds at 31st March 2006		£ 1,890,918		£ 569,980

The notes to the cash flow statements are set out on page 8.

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO CASH FLOW STATEMENT****FOR THE YEAR ENDED 31st MARCH 2006****1. Reconciliation of operating profit to net cash
inflow/(outflow) from operating activities:**

	<u>2006</u>	<u>2005</u>
	£	£
Operating profit	214,317	74,006
Depreciation charges	51,400	104,776
Loss on disposal of tangible fixed assets	2,428	9,580
Decrease/(increase) in debtors	841,821	(1,081,089)
Increase in creditors	268,142	143,109
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	£ 1,378,108	£ (749,618)
	<hr/>	<hr/>

2. Analysis of changes in net funds during the year:

	<u>At 1.4.05</u>	<u>Cash Flow</u>	<u>At 31.3.06</u>
Cash at bank and in hand	£ 569,980	£ 1,320,938	£ 1,890,918
	<hr/>	<hr/>	<hr/>

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2006

1. ACCOUNTING POLICIES

(a) Accounting Conventions

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover represents the full amount invoiced to clients in the United Kingdom, net of value added tax.

(c) Depreciation

Depreciation is provided on all tangible assets at rates calculated to write off the cost of each asset over its expected useful life as follows:-

Leasehold Improvements	- 10% per annum on cost
Fixtures and fittings	- 20% per annum on cost
Office furniture and equipment	- 20% to 33.3% per annum on cost

(d) Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes on a full provision basis in accordance with Financial Reporting Standard 19, Deferred Taxation. Deferred tax balances are not discounted.

(e) Operating Leases

Rentals under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

(f) Pension Costs

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Pension contributions are also paid into personal defined contribution schemes of certain employees at rates deemed appropriate by the directors.

(e) Hire Purchase Contracts

Assets acquired under hire purchase contracts are capitalised in the balance and are depreciated over their expected useful lives.

The interest element of the instalments is charged to the profit and loss account over the period of the contract.

2. OPERATING PROFIT

	<u>2006</u> £	<u>2005</u> £
This is stated after charging:		
Director's remuneration (note 3)	285,793	314,902
Auditors' remuneration		
- audit	6,000	5,500
- taxation and general	4,991	11,189
Depreciation	51,400	104,776
Operating lease rentals:		
Buildings	132,957	116,501
Equipment	33,490	33,490

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31st MARCH 2006

3. INFORMATION CONCERNING DIRECTORS AND EMPLOYEES

	<u>2006</u>	<u>2005</u>
	£	£
(a) Wages and salaries	2,149,427	1,999,237
Social security costs	248,236	225,707
Pension contributions	40,339	15,000
	<u>£ 2,438,002</u>	<u>£ 2,239,944</u>

The average weekly number of employees during the year was made up as follows:

	<u>No.</u>	<u>No.</u>
Office and management	<u>53</u>	<u>59</u>
(b) Director's remuneration:		
	£	£
Salaries	270,793	299,902
Pension contributions	15,000	15,000
	<u>£ 285,793</u>	<u>£ 314,902</u>

Further details, excluding pension contributions:

Chairman	<u>£ 103,600</u>	<u>£ 103,167</u>
Highest paid director	<u>£ 111,055</u>	<u>£ 126,666</u>

Other director's emoluments fell within the following ranges:

£55,001 - £60,000	1	-
£70,001 - £75,000	-	1

4. OPERATING LEASE COMMITMENTS

At the 31 March, 2006 the company was committed to the following annual payments under operating leases:

	<u>Buildings</u>	<u>Equipment</u>
	£	£
Leases which expire:		
Between two and five years	<u>132,957</u>	<u>33,490</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2006</u>	<u>2005</u>
	£	£
United Kingdom corporation tax		
- current year	52,936	44,660
- under provision in previous year	250	-
Current tax charge for the year	<u>53,186</u>	<u>44,660</u>
Deferred taxation charge/(credit)	799	(10,611)
Total tax charge for the year	<u>£ 53,985</u>	<u>£ 34,049</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 2006

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	<u>2006</u> £	<u>2005</u> £
Factors affecting UK tax charge for the year:		
Profit on ordinary activities before taxation	246,124	90,084
Profit on ordinary activities multiplied by the small companies rate of corporation tax in the UK of 19%	46,764	17,116
Expenses not deductible for tax purposes	15,996	19,453
Tax relief on share acquisition gain	(9,025)	-
Capital allowances in excess of depreciation	(799)	-
Depreciation in excess of capital allowances	-	8,341
Over provision in previous year	250	-
Current tax charge for the year	<u>£ 53,186</u>	<u>£ 44,910</u>

6. TANGIBLE FIXED ASSETS

	<u>Leasehold</u> <u>Improvements</u>	<u>Fixtures</u> <u>and</u> <u>Fittings</u>	<u>Office</u> <u>Furniture</u> <u>and</u> <u>Equipment</u>	<u>Total</u>
	£	£	£	£
Cost				
At 1st April 2005	85,143	109,974	433,917	629,034
Additions	-	500	43,567	44,067
Disposals	-	-	(42,804)	(42,804)
At 31st March 2006	<u>85,143</u>	<u>110,474</u>	<u>434,680</u>	<u>630,297</u>
Depreciation				
At 1st April 2005	42,570	107,554	326,741	476,865
Charge for year	8,514	725	42,161	51,400
Disposals	-	-	(40,376)	(40,376)
At 31st March 2006	<u>51,084</u>	<u>108,279</u>	<u>328,526</u>	<u>487,889</u>
Net book value at:				
31st March 2006	<u>£ 34,059</u>	<u>£ 2,195</u>	<u>£ 106,154</u>	<u>£ 142,408</u>
31st March 2005	<u>£ 42,573</u>	<u>£ 2,420</u>	<u>£ 107,176</u>	<u>£ 152,169</u>

Leasehold premises are held on a short lease.

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 2006

7. INVESTMENTS

	<u>2006</u>	<u>2005</u>
Shares in group company at cost	£ 100	£ 100

The company owns 100% of Munro & Forster Healthcare Public Relations Limited, a company registered in England and Wales which does not trade. The company has taken advantage of the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

8. DEBTORS

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Trade Debtors	868,423	1,695,738
Amounts recoverable on contracts	38,545	96,391
Recoverable Costs	121,244	84,179
Other Debtors	2,141	4,773
Prepayments	124,356	115,449
Deferred taxation (see below)	2,614	3,413
	<u>£ 1,157,323</u>	<u>£ 1,999,943</u>

The deferred tax asset is in respect of capital allowances in excess of depreciation.

9. CREDITORS - amounts falling due within one year

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Trade Creditors	758,900	616,548
Payments in Advance	1,035,386	875,592
Corporation Tax	52,936	44,660
Amount due to Subsidiary Undertaking	100	100
Other Taxes & Social Security costs	240,164	290,991
Other Creditors	10,959	341
Directors Current Accounts	-	8,189
Accruals	113,948	99,554
	<u>£ 2,212,393</u>	<u>£ 1,935,975</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 2006

10. CALLED UP SHARE CAPITAL

	<u>2006</u>	<u>2005</u>
Authorised:		
200 Ordinary Shares of £1 each	£ 200	£ 200
Allotted and fully paid:		
122 Ordinary Shares of £1 each.	£ 122	£ 122

At 31st March 2006, the following share options over ordinary shares of the company had been granted and not exercised:

Date of grant	Number of shares	Exercise Price	Option Exercise Period
21st April 2004	60	£2,375	21st April 2004 to 20th April 2014
11th November 2004	4	£2,375	11th November 2004 to 10th November 2014
27th May 2005	4	£2,375	27th May 2005 to 26th May 2014

On 21st August 2006 the company issued 40 ordinary shares of £1 each raising gross cash proceeds of £95,000 as a result of 40 of the share options issued on 21st April 2004 being exercised.

11. CAPITAL REDEMPTION RESERVE

	<u>2006</u>	<u>2005</u>
	£	£
At 1st April 2005	78	102
Transfer to profit and loss account	-	(24)
At 31st March 2006	£ 78	£ 78

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2006</u>	<u>2005</u>
	£	£
Shareholders' funds, 1st April 2005	786,217	730,182
Profit for the financial year on ordinary activities after taxation	192,139	56,035
Shareholders' funds, 31st March 2006	£ 978,356	£ 786,217

13. RELATED PARTY INFORMATION

The company is controlled by B. R. Gunson who is also a director.