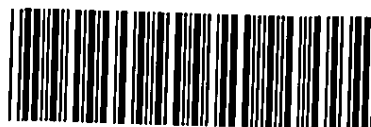


**Report of the Directors and
Financial Statements
for the Year Ended 31 March 2007
for
Munro & Forster Communications Limited**

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COMPANIES HOUSE

Munro & Forster Communications Limited

Company Information for the Year Ended 31 March 2007

DIRECTORS:

B R Gunson
J Flexen
S Hart
L Kinghorn
J Laird

SECRETARY:

L Kinghorn

REGISTERED OFFICE:

89 Albert Embankment
London
SE1 7TP

REGISTERED NUMBER:

01030919

AUDITORS:

Gorman Seaton & Co. Limited
Chartered Certified Accountants
Registered Auditors
74 Chancery Lane
London
WC2A 1AD

Munro & Forster Communications Limited

Report of the Directors for the Year Ended 31 March 2007

The directors present their report with the financial statements of the company for the year ended 31 March 2007.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of public relations consultants.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

During the year our fee income grew strongly, both from existing clients and from new business, leading to a 16% increase in gross profit. This increase, together with management's focus on cost control, lead to operating profit growth of 157%.

Our principal risks continue to be fierce competition within our sector, both for clients and personnel, and increased regulation, particularly within the healthcare sector.

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

DIVIDENDS

An interim dividend of £1,307 per share was paid on 29 August 2006. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2007 will be £211,734.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2006 to the date of this report.

B R Gunson
J Flexen
S Hart

Other changes in directors holding office are as follows:

L Kinghorn - appointed 14 August 2006
J Laird - appointed 1 February 2007

The directors interest in share options of the company, under its Enterprise Management Incentive Scheme, at 31 March 2007 were as follows:

Mrs S Hart: 20 ordinary shares, exercise price £2,375 (exercise option period 21 April 2004 to 20th April 2014)

Ms L Kinghorn: 2 ordinary shares, exercise price £2,375 (exercise option period 27 May 2005 to 26 May 2015)

Mr J Laird: 2 ordinary shares, exercise price £2,375 (exercise option period 17 January 2007 to 16 January 2017)

Munro & Forster Communications Limited

Report of the Directors for the Year Ended 31 March 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). 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 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;
- 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.

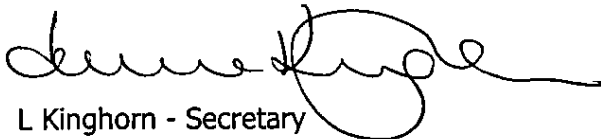
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Gorman Seaton & Co. Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



L Kinghorn - Secretary

28 January 2008

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 31 March 2007 on pages six to seventeen. 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 on page three.

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 Report of the Directors 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 Report of the Directors 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.

**Report of the Independent Auditors 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 Accounting Practice, of the state of the company's affairs as at 31 March 2007 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 Report of the Directors is consistent with the financial statements.

Gorman Seaton & Co. Limited

Gorman Seaton & Co. Limited
Chartered Certified Accountants
Registered Auditors
74 Chancery Lane
London
WC2A 1AD

Date: *28th January 2008*

Munro & Forster Communications Limited

Profit and Loss Account for the Year Ended 31 March 2007

	Notes	2007 £	2006 £
TURNOVER		6,477,457	5,861,558
Cost of sales		<u>2,121,052</u>	<u>2,119,496</u>
GROSS PROFIT		4,356,405	3,742,062
Administrative expenses		<u>3,804,858</u>	<u>3,527,745</u>
OPERATING PROFIT	3	551,547	214,317
Interest receivable and similar income		<u>72,478</u>	<u>31,807</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		624,025	246,124
Tax on profit on ordinary activities	4	<u>185,828</u>	<u>53,985</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>438,197</u></u>	<u><u>192,139</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

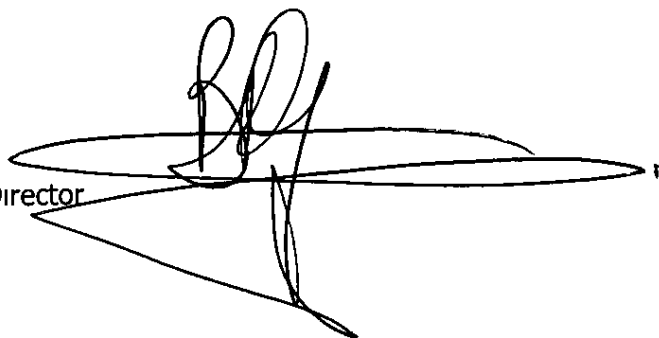
Munro & Forster Communications Limited

Balance Sheet 31 March 2007

	Notes	2007		2006	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		131,698		142,408
Investments	7		100		100
			<u>131,798</u>		<u>142,508</u>
CURRENT ASSETS					
Debtors	8	1,392,591		1,157,323	
Cash at bank and in hand		<u>2,173,616</u>		<u>1,890,918</u>	
		3,566,207		3,048,241	
CREDITORS					
Amounts falling due within one year	9	<u>2,374,186</u>		<u>2,200,393</u>	
NET CURRENT ASSETS			<u>1,192,021</u>		<u>847,848</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,323,819		990,356
PROVISIONS FOR LIABILITIES	10		<u>24,000</u>		<u>12,000</u>
NET ASSETS			<u><u>1,299,819</u></u>		<u><u>978,356</u></u>
CAPITAL AND RESERVES					
Called up share capital	11		162		122
Share premium	12		94,960		-
Capital redemption reserve	12		78		78
Profit and loss account	12		<u>1,204,619</u>		<u>978,156</u>
SHAREHOLDERS' FUNDS	14		<u><u>1,299,819</u></u>		<u><u>978,356</u></u>

The financial statements were approved by the Board of Directors on 28 January 2008 and were signed on its behalf by:

B R Gunson - Director



The notes form part of these financial statements

Munro & Forster Communications Limited

**Cash Flow Statement
for the Year Ended 31 March 2007**

	Notes	2007 £	2006 £
Net cash inflow from operating activities	1	426,495	1,378,108
Returns on investments and servicing of finance	2	72,478	31,807
Taxation		(52,936)	(44,910)
Capital expenditure	2	(46,605)	(44,067)
Equity dividends paid		(211,734)	-
		<u>187,698</u>	<u>1,320,938</u>
Financing	2	<u>95,000</u>	<u>-</u>
Increase in cash in the period		<u>282,698</u>	<u>1,320,938</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>282,698</u>	<u>1,320,938</u>
Change in net funds resulting from cash flows		<u>282,698</u>	<u>1,320,938</u>
Movement in net funds in the period		<u>282,698</u>	<u>1,320,938</u>
Net funds at 1 April		<u>1,890,918</u>	<u>569,980</u>
Net funds at 31 March		<u>2,173,616</u>	<u>1,890,918</u>

The notes form part of these financial statements

Munro & Forster Communications Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2007**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	551,547	214,317
Depreciation charges	53,568	51,400
Loss on disposal of fixed assets	3,748	2,428
Provision for dilapidations	12,000	12,000
(Increase)/Decrease in debtors	(233,866)	841,821
Increase in creditors	39,498	256,142
Net cash inflow from operating activities	426,495	1,378,108

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	72,478	31,807
Net cash inflow for returns on investments and servicing of finance	72,478	31,807
Capital expenditure		
Purchase of tangible fixed assets	(46,605)	(44,067)
Net cash outflow for capital expenditure	(46,605)	(44,067)
Financing		
Share issue	95,000	-
Net cash inflow from financing	95,000	-

The notes form part of these financial statements

Munro & Forster Communications Limited

Notes to the Cash Flow Statement for the Year Ended 31 March 2007

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.06 £	Cash flow £	At 31.3.07 £
Net cash:			
Cash at bank and in hand	<u>1,890,918</u>	<u>282,698</u>	<u>2,173,616</u>
	<u>1,890,918</u>	<u>282,698</u>	<u>2,173,616</u>
 Total	 <u>1,890,918</u>	 <u>282,698</u>	 <u>2,173,616</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2007**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Exemption from preparing consolidated financial statements

The financial statements contain information about Munro & Forster Communications Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements.

Turnover

Turnover is recognised when it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received or receivable for the sale of services and any recharged costs, net of trade discounts and VAT.

Turnover is recognised in the accounting period in which the service is rendered by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life as follows:

Improvements to property	- 10% on cost
Fixtures and fittings	- 20% on cost
Office furniture and equipment	- 20% to 33% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

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 pension scheme. Pension contributions are also paid into personal defined contribution pension schemes of certain employees at rates deemed appropriate by the directors.

Munro & Forster Communications Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2007

2. STAFF COSTS

	2007	2006
	£	£
Wages and salaries	2,364,266	2,175,637
Social security costs	266,188	248,236
Other pension costs	68,176	40,339
	<u>2,698,630</u>	<u>2,464,212</u>

The average monthly number of employees during the year was as follows:

	2007	2006
Office and management	<u>53</u>	<u>53</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2007	2006
	£	£
Hire of plant and machinery	24,789	33,490
Other operating leases	132,957	132,957
Depreciation - owned assets	53,568	51,400
Loss on disposal of fixed assets	3,748	2,428
Auditors' remuneration	7,000	6,000
Auditors' remuneration for non audit work	5,965	4,991
Foreign exchange differences	<u>3,350</u>	<u>(3,210)</u>
Directors' emoluments	497,218	270,793
Directors' pension contributions to money purchase schemes	<u>23,080</u>	<u>15,000</u>

Information regarding the highest paid director is as follows:

	2007	2006
	£	£
Emoluments etc	173,506	111,055
Pension contributions to money purchase schemes	<u>5,000</u>	<u>-</u>

On 21 August 2006 the highest paid director exercised all 40 of the options issued to that director on 21 April 2004 .

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2007**

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2007 £	2006 £
Current tax:		
UK corporation tax	187,231	52,936
Under provision in prior years	-	250
Total current tax	187,231	53,186
Deferred tax	(1,403)	799
Tax on profit on ordinary activities	185,828	53,985

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK.
The difference is explained below:

	2007 £	2006 £
Profit on ordinary activities before tax	624,025	246,124
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 19%)	187,208	46,764
Effects of:		
Expenses not deductible for tax purposes	22,529	15,996
Differences in tax rates	(22,395)	-
Tax relief on share acquisition plan	-	(9,025)
Capital allowances in excess of depreciation	(111)	(799)
Over provision in prior years	-	250
Current tax charge	187,231	53,186

5. DIVIDENDS

	2007 £	2006 £
Ordinary shares of £1 each		
Interim	211,734	-

Munro & Forster Communications Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2007**

6. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Office furniture and equipment £	Totals £
COST				
At 1 April 2006	85,143	110,474	434,681	630,298
Additions	-	-	46,605	46,605
Disposals	-	-	(18,485)	(18,485)
At 31 March 2007	85,143	110,474	462,801	658,418
DEPRECIATION				
At 1 April 2006	51,085	108,278	328,526	487,889
Charge for year	8,514	751	44,303	53,568
Eliminated on disposal	-	-	(14,737)	(14,737)
At 31 March 2007	59,599	109,029	358,092	526,720
NET BOOK VALUE				
At 31 March 2007	25,544	1,445	104,709	131,698
At 31 March 2006	34,058	2,196	106,155	142,409

The improvements are to leasehold property.

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2006 and 31 March 2007	100
NET BOOK VALUE	
At 31 March 2007	100
At 31 March 2006	100

Munro & Forster Communications Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2007

7. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following:

Munro & Foster Healthcare Public Relations Limited

Nature of business: Dormant

	% holding	2007	2006
Class of shares:		£	£
Ordinary	100.00	100	100
Aggregate capital and reserves		<u>100</u>	<u>100</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade debtors	1,173,231	868,423
Recoverable costs	19,142	121,244
Amounts recoverable on contracts	57,805	38,545
Other debtors	2,893	2,141
Deferred tax	4,017	2,614
Prepayments and accrued income	135,503	124,356
	<u>1,392,591</u>	<u>1,157,323</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade creditors	745,765	758,900
Payments in advance	921,998	1,035,386
Amounts owed to group undertakings	100	100
Tax	187,231	52,936
Social security and other taxes	240,758	240,164
Other creditors	5,263	10,959
Accruals and deferred income	273,071	101,948
	<u>2,374,186</u>	<u>2,200,393</u>

10. PROVISIONS FOR LIABILITIES

	2007	2006
	£	£
Other provisions		
Provision for dilapidations	<u>24,000</u>	<u>12,000</u>

Munro & Forster Communications Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2007

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2007	2006
		£1	£	£
200	Ordinary		200	200

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2007	2006
		£1	£	£
162	Ordinary		162	122
(2006 - 122)				

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

At 31 March 2007, the following share options over ordinary shares of the company had been granted and not lapsed or been exercised:

Date of Grant	Number of shares	Exercise price	Option exercise date
21 April 2004	20	£2,375	21 April 2004 to 20 April 2014 11 November 2004 to 10 November 2014
11 November 2004	2	£2,375	
27 May 2005	2	£2,375	27 May 2005 to 26 May 2015 17 January 2007 to 16 January 2017
17 January 2007	2	£2,375	

On 25 April 2007 the company issued 20 ordinary shares of £1 each raising cash proceeds of £47,500 as a result of the options issued 21 April 2004 being exercised.

12. RESERVES

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2006	978,156	-	78	978,234
Profit for the year	438,197			438,197
Dividends	(211,734)			(211,734)
Cash share issue	-	94,960	-	94,960
At 31 March 2007	1,204,619	94,960	78	1,299,657

Munro & Forster Communications Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2007

13. RELATED PARTY DISCLOSURES

The controlling party is B R Gunson who is also a director.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	438,197	192,139
Dividends	(211,734)	-
	<hr/>	<hr/>
	226,463	192,139
Share issue	95,000	-
	<hr/>	<hr/>
Net addition to shareholders' funds	321,463	192,139
Opening shareholders' funds	978,356	786,217
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,299,819</u>	<u>978,356</u>