

**Report of the Directors and  
Financial Statements  
for the Year Ended 31 March 2008  
for  
Munro & Forster Communications Limited**

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## **Munro & Forster Communications Limited**

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# **Munro & Forster Communications Limited**

## **Company Information for the Year Ended 31 March 2008**

### **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 2008**

The directors present their report with the financial statements of the company for the year ended 31 March 2008.

#### **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.

The Business continued to grow with an 8% increase in gross profit for the year. This increase, together with management's focus on cost control, lead to operating profit growth of 16%.

Our principal risks continue to be fierce competition within our sector, both for clients and personnel, and increased regulation, particularly within the healthcare sector. While the potential impact of the economic downturn on our business is a concern, we believe that our business is relatively well diversified and that the markets in which we operate remain relatively robust. We continue to develop our service offering, introducing a broader range of services across additional market sectors.

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 £653.60 per share was paid on 31 May 2007. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2008 was £118,955.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2007 to the date of this report.

B R Gunson  
J Flexen  
S Hart  
L Kinghorn  
J Laird

The directors interest in share options of the company, under its Enterprise Management Incentive Scheme, at 31 March 2008 were as follows:

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 2008**

#### **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.

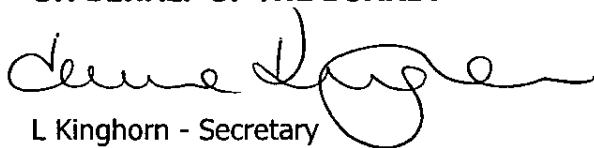
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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**

#### **ON BEHALF OF THE BOARD:**



L Kinghorn - Secretary

15 December 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 2008 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 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 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

15 December 2008

**Munro & Forster Communications Limited****Profit and Loss Account  
for the Year Ended 31 March 2008**

	Notes	2008 £	2007 £
<b>TURNOVER</b>		7,206,643	6,477,457
Cost of sales		<u>2,485,784</u>	<u>2,121,052</u>
<b>GROSS PROFIT</b>		4,720,859	4,356,405
Administrative expenses		<u>4,081,044</u>	<u>3,804,858</u>
<b>OPERATING PROFIT</b>	3	639,815	551,547
Interest receivable and similar income		<u>112,667</u>	<u>72,478</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		752,482	624,025
Tax on profit on ordinary activities	4	<u>238,157</u>	<u>185,828</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>514,325</u>	<u>438,197</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

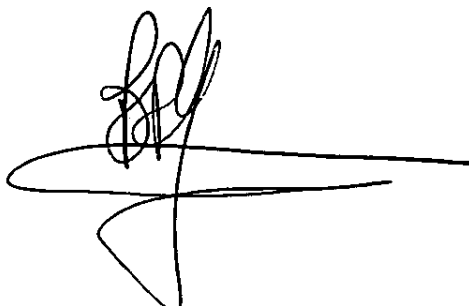
# Munro & Forster Communications Limited

## Balance Sheet 31 March 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	6	95,222	131,698
Investments	7	100	100
		<u>95,322</u>	<u>131,798</u>
<b>CURRENT ASSETS</b>			
Debtors	8	1,411,063	1,392,591
Cash at bank and in hand		1,989,116	2,173,616
		<u>3,400,179</u>	<u>3,566,207</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	1,710,145	2,374,186
		<u>1,710,145</u>	<u>2,374,186</u>
<b>NET CURRENT ASSETS</b>		<u>1,690,034</u>	<u>1,192,021</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,785,356</u>	<u>1,323,819</u>
<b>PROVISIONS FOR LIABILITIES</b>	10	42,667	24,000
<b>NET ASSETS</b>		<u><u>1,742,689</u></u>	<u><u>1,299,819</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	182	162
Share premium	12	142,440	94,960
Capital redemption reserve	12	78	78
Profit and loss account	12	1,599,989	1,204,619
<b>SHAREHOLDERS' FUNDS</b>	14	<u><u>1,742,689</u></u>	<u><u>1,299,819</u></u>

The financial statements were approved by the Board of Directors on 15 December 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 2008

	Notes	2008 £	2007 £
<b>Net cash (outflow)/inflow from operating activities</b>	1	(13,057)	426,495
<b>Returns on investments and servicing of finance</b>	2	112,667	72,478
<b>Taxation</b>		(187,231)	(52,936)
<b>Capital expenditure</b>	2	(25,424)	(46,605)
<b>Equity dividends paid</b>		(118,955)	(211,734)
		(232,000)	187,698
<b>Financing</b>	2	47,500	95,000
<b>(Decrease)/Increase in cash in the period</b>		(184,500)	282,698
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
(Decrease)/Increase in cash in the period		(184,500)	282,698
Change in net funds resulting from cash flows		(184,500)	282,698
<b>Movement in net funds in the period</b>		(184,500)	282,698
<b>Net funds at 1 April</b>		2,173,616	1,890,918
<b>Net funds at 31 March</b>		1,989,116	2,173,616

The notes form part of these financial statements

# Munro & Forster Communications Limited

## Notes to the Cash Flow Statement for the Year Ended 31 March 2008

### 1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	639,815	551,547
Depreciation charges	60,004	53,568
Loss on disposal of fixed assets	1,896	3,748
Provision for dilapidations	18,667	12,000
Increase in debtors	(15,045)	(233,866)
(Decrease)/Increase in creditors	(718,394)	39,498
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(13,057)</b>	<b>426,495</b>

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

	2008 £	2007 £
<b>Returns on investments and servicing of finance</b>		
Interest received	112,667	72,478
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>112,667</b>	<b>72,478</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(26,324)	(46,605)
Sale of tangible fixed assets	900	-
<b>Net cash outflow for capital expenditure</b>	<b>(25,424)</b>	<b>(46,605)</b>
<b>Financing</b>		
Share issue	47,500	95,000
<b>Net cash inflow from financing</b>	<b>47,500</b>	<b>95,000</b>

The notes form part of these financial statements

## Munro & Forster Communications Limited

### Notes to the Cash Flow Statement for the Year Ended 31 March 2008

#### 3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.07 £	Cash flow £	At 31.3.08 £
Net cash:			
Cash at bank and in hand	<u>2,173,616</u>	<u>(184,500)</u>	<u>1,989,116</u>
	<u>2,173,616</u>	<u>(184,500)</u>	<u>1,989,116</u>
 Total	 <u><u>2,173,616</u></u>	 <u><u>(184,500)</u></u>	 <u><u>1,989,116</u></u>

The notes form part of these financial statements

## **Munro & Forster Communications Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2008**

#### **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.

##### **Pension costs and other post-retirement benefits**

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 2008

#### 2. STAFF COSTS

	2008	2007
	£	£
Wages and salaries	2,596,708	2,364,266
Social security costs	286,575	266,188
Other pension costs	82,066	68,176
	<u>2,965,349</u>	<u>2,698,630</u>

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

	2008	2007
Office and management	<u>56</u>	<u>53</u>

#### 3. OPERATING PROFIT

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

	2008	2007
	£	£
Hire of plant and machinery	6,856	24,789
Other operating leases	132,957	132,957
Depreciation - owned assets	60,004	53,568
Loss on disposal of fixed assets	1,896	3,748
Auditors' remuneration	7,250	7,000
Auditors' remuneration for non audit work	11,558	5,965
Foreign exchange differences	<u>(1,989)</u>	<u>3,350</u>
Directors' emoluments	561,786	497,218
Directors' pension contributions to money purchase schemes	<u>34,403</u>	<u>23,080</u>

Auditors' remuneration for non audit work is in respect of accountancy, taxation and business advice services.

Information regarding the highest paid director is as follows:

	2008	2007
	£	£
Emoluments etc	146,769	173,506
Pension contributions to money purchase schemes	<u>6,333</u>	<u>5,000</u>

# Munro & Forster Communications Limited

## Notes to the Financial Statements - continued for the Year Ended 31 March 2008

### 4. TAXATION

#### Analysis of the tax charge

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

	2008 £	2007 £
Current tax:		
UK corporation tax	241,584	187,231
Deferred tax	(3,427)	(1,403)
Tax on profit on ordinary activities	<u>238,157</u>	<u>185,828</u>

#### 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:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>752,482</u>	<u>624,025</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 - 30%)	225,745	187,208
Effects of:		
Expenses not deductible for tax purposes	25,358	22,529
Differences in tax rates	(16,032)	(22,395)
Depreciation in excess of capital allowances	6,513	-
Capital allowances in excess of depreciation	-	(111)
Current tax charge	<u>241,584</u>	<u>187,231</u>

### 5. DIVIDENDS

	2008 £	2007 £
Ordinary shares of £1 each		
Interim	<u>118,955</u>	<u>211,734</u>

# Munro & Forster Communications Limited

## Notes to the Financial Statements - continued for the Year Ended 31 March 2008

### 6. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Office furniture and equipment £	Totals £
<b>COST</b>				
At 1 April 2007	85,143	110,474	462,801	658,418
Additions	-	3,786	22,538	26,324
Disposals	-	(1,504)	(149,120)	(150,624)
At 31 March 2008	85,143	112,756	336,219	534,118
<b>DEPRECIATION</b>				
At 1 April 2007	59,599	109,029	358,092	526,720
Charge for year	8,514	1,377	50,113	60,004
Eliminated on disposal	-	(1,504)	(146,324)	(147,828)
At 31 March 2008	68,113	108,902	261,881	438,896
<b>NET BOOK VALUE</b>				
At 31 March 2008	17,030	3,854	74,338	95,222
At 31 March 2007	25,544	1,445	104,709	131,698

The improvements are to leasehold property.

### 7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 April 2007 and 31 March 2008	100
<b>NET BOOK VALUE</b>	
At 31 March 2008	100
At 31 March 2007	100

# Munro & Forster Communications Limited

## Notes to the Financial Statements - continued for the Year Ended 31 March 2008

### 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	2008 £	2007 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		<u>100</u>	<u>100</u>

### 8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	1,136,384	1,173,231
Recoverable costs	69,621	19,142
Amounts recoverable on contracts	58,024	57,805
Other debtors	3,104	2,893
Deferred tax	7,444	4,017
Prepayments and accrued income	136,486	135,503
	<u>1,411,063</u>	<u>1,392,591</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	448,223	745,765
Payments in advance	566,238	921,998
Amounts owed to group undertakings	100	100
Tax	241,584	187,231
Social security and other taxes	235,637	240,758
Other creditors	5,963	5,263
Accruals and deferred income	212,400	273,071
	<u>1,710,145</u>	<u>2,374,186</u>

### 10. PROVISIONS FOR LIABILITIES

	2008 £	2007 £
Other provisions		
Provision for dilapidations	<u>42,667</u>	<u>24,000</u>

# Munro & Forster Communications Limited

## Notes to the Financial Statements - continued for the Year Ended 31 March 2008

### 11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2008	2007
			£	£
200	Ordinary	£1	200	200
			<u>          </u>	<u>          </u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2008	2007
			£	£
182	Ordinary	£1	182	162
(2007 - 162)			<u>          </u>	<u>          </u>

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

At 31 March 2008, 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
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 15 September 2008 each of the 200 issued and unissued ordinary shares of £1 each were sub - divided into 200,000 ordinary shares of 0.1p each and then re-designated as A ordinary shares of 0.1p. The authorised share capital of the company was then increased to £400 by the creation of 200,000 B ordinary shares of 0.1p each. Members holding B ordinary shares are not entitled to attend or vote at any general meeting of the company or to sign any resolution of the members of the company passed by way of written resolution, nor will they have any rights to dividends.

On 15 September 2008 options were granted over 75,141 B ordinary shares of 0.1p each at 0.1p per share.

On 15 September 2008 the company issued 21,028 B ordinary shares of 0.1p each at £0.415 per share, nil paid.

On 27th October 2008 the company issued 2,000 A ordinary shares of 0.1p each for £2.375 per share, raising gross cash proceeds of £4,750, as a result of the options granted on 17 January 2007 being exercised.

On 17th November 2008 options were granted over 61,963 B ordinary shares of 0.1p each at 0.1p per share.

**Munro & Forster Communications Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2008**

**12. RESERVES**

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2007	1,204,619	94,960	78	1,299,657
Profit for the year	514,325			514,325
Dividends	(118,955)			(118,955)
Cash share issue	-	47,480	-	47,480
	<u>1,599,989</u>	<u>142,440</u>	<u>78</u>	<u>1,742,507</u>
At 31 March 2008	<u>1,599,989</u>	<u>142,440</u>	<u>78</u>	<u>1,742,507</u>

**13. RELATED PARTY DISCLOSURES**

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

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2008 £	2007 £
Profit for the financial year	514,325	438,197
Dividends	(118,955)	(211,734)
	<u>395,370</u>	<u>226,463</u>
Share issue	47,500	95,000
	<u>442,870</u>	<u>321,463</u>
<b>Net addition to shareholders' funds</b>	<b>442,870</b>	<b>321,463</b>
Opening shareholders' funds	1,299,819	978,356
	<u>1,742,689</u>	<u>1,299,819</u>
<b>Closing shareholders' funds</b>	<b>1,742,689</b>	<b>1,299,819</b>