

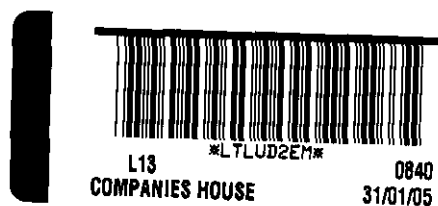
Company Number 01030919

MUNRO & FORSTER

COMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2004



Gorman Seaton & Co.,
Chartered Certified Accountants,

74, Chancery Lane,
London, WC2A 1AD.

MUNRO & FORSTER COMMUNICATIONS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2004

DIRECTORS

Mr. B. R. Gunson

Miss. J. Flexen

Mrs. S. Hart

SECRETARY

Ms. L. Kinghorn

BANK

National Westminster Bank Plc.,
21, Hanover Square,
London,
W1A 4ZE.

AUDITORS

Gorman Seaton & Co.,
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 2004

The Directors present herewith their annual report, together with the audited financial statements of the Company for the year ended 31st March 2004.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £194,042 as shown on page 5.
The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The Company's principal activity during the year continued to be that of public relations advisers. The directors consider that the results for the year are satisfactory.

FIXED ASSETS

Movements in Fixed Assets are shown in note 6.

FUTURE DEVELOPMENTS

The Company seeks to continue to expand its public relations advice activities.

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 31.3.2004</u>	<u>At 31.3.2003</u>
Mr. B.R.Gunson	98	98
Miss. J. Flexen	-	-
Mrs. S. Hart	-	-

On 21st April 2004 the company adopted an Enterprise Management Incentive Scheme and options were granted to the following directors:

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

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

MUNRO & FORSTER COMMUNICATIONS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31st MARCH 2004

DIRECTORS' RESPONSIBILITIES (continued)

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.

AUDITORS

The auditors Messrs. Gorman Seaton & Co., 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**


Secretary

Date 27/1/2005.

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

We have audited the financial statements of Munro & Forster Communications Limited on pages 5 to 13 which have prepared under the historical cost convention, and the accounting policies set out on page 9.

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 United Kingdom 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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of 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.

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 of the state of the company's affairs as at 31st March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Gorman Seaton & Co

GORMAN SEATON & CO.

Chartered Certified Accountants

Registered Auditors

74 Chancery Lane,
London.

WC2A 1AD.

27th January 2005

MUNRO & FORSTER COMMUNICATIONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2004

		<u>2004</u>		<u>2003</u>
	<u>Notes</u>	£	£	£
TURNOVER	1	5,666,723		5,466,323
COST OF SALES		2,143,365		2,037,261
GROSS PROFIT		3,523,358		3,429,062
Administrative expenses		3,263,485		2,855,693
OPERATING PROFIT	2	259,873		573,369
Bank interest receivable		13,298		22,144
Hire purchase interest		(4,365)		(4,365)
		8,933		17,779
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		268,806		591,148
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	74,764		191,134
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		194,042		400,014
RETAINED PROFIT BROUGHT FORWARD		535,940		1,271,576
PURCHASE OF OWN SHARES		-		(1,135,650)
RETAINED PROFIT CARRIED FORWARD		£ 729,982		£ 535,940

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.

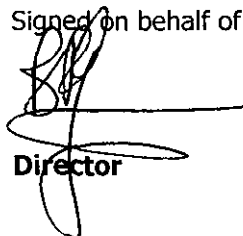
MUNRO & FORSTER COMMUNICATIONS LIMITED**BALANCE SHEET****AT 31st MARCH 2004**

		<u>2004</u>	<u>2003</u>
		£	£
	<u>Notes</u>		
FIXED ASSETS			
Tangible assets	6	203,748	290,398
Investments	7	100	100
		<hr/> 203,848	<hr/> 290,498
CURRENT ASSETS			
Debtors	8	915,441	1,322,560
Cash at bank and in hand		1,459,228	363,528
		<hr/> 2,374,669	<hr/> 1,686,088
CREDITORS - amounts falling due within one year	9	1,841,137	1,415,081
		<hr/>	<hr/>
NET CURRENT ASSETS		533,532	271,007
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 737,380	<hr/> 561,505
CREDITORS - amounts falling due after more than one year	10	-	(16,923)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred Taxation	11	(7,198)	(8,442)
TOTAL NET ASSETS		<hr/> £ 730,182	<hr/> £ 536,140
Financed by:			
CAPITAL AND RESERVES			
Called up share capital	12	98	98
Capital redemption reserve	13	102	102
Profit and Loss account		729,982	535,940
Shareholders' Funds	14	<hr/> £ 730,182	<hr/> £ 536,140

These financial statements were approved by the Board of Directors

on 27th January.....2005

Signed on behalf of the Board of Directors



Director

MUNRO & FORSTER COMMUNICATIONS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31st MARCH 2004**

	2004		2003	
	£	£	£	£
Net cash inflow from operating activities (note 1)		1,331,380		599,622
Return on investments and servicing of finance				
Bank interest received	13,298		22,144	
Interest element of hire purchase charges	(4,365)		(4,365)	
Net cash inflow from return on investments and servicing of finance		8,933		17,779
Taxation				
Corporation Tax (paid)		(197,816)		(83,098)
Investing activities				
Purchase of own shares	-		(1,135,650)	
Payments to acquire tangible fixed assets	(57,226)		(23,000)	
Receipts from sale of tangible fixed assets	27,000		533	
Net cash (outflow) from investing activities		(30,226)		(1,158,117)
Net cash inflow/(outflow) before financing		1,112,271		(623,814)
Financing				
Hire purchase repayments		(16,571)		(16,571)
Increase/(decrease) in Cash		<u>£ 1,095,700</u>		<u>£ (640,385)</u>
Reconciliation of net cash flow to movement in net funds (note 2)				
Change in net funds resulting from cash flows		1,095,700		(640,385)
Cash outflow from decrease in financing		16,571		16,571
Movement in net funds in the period		1,112,271		(623,814)
Net funds at 1st April 2003		330,034		953,848
Net funds at 31st March 2004		<u>£ 1,442,305</u>		<u>£ 330,034</u>

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 2004**

1. Reconciliation of operating profit to net cash inflow from operating activities:

	<u>2004</u>	<u>2003</u>
	£	£
Operating profit	259,873	573,369
Depreciation charges	104,229	92,148
Loss on disposal of tangible fixed assets	12,647	1,572
Decrease/(Increase) in debtors	407,119	(73,785)
Increase in creditors	547,512	6,318
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	£ 1,331,380	£ 599,622
	<hr/>	<hr/>

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

	<u>At 1.4.03</u>	<u>Cash Flow</u>	<u>At 31.3.04</u>
	£	£	£
Cash at bank and in hand	363,528	1,095,700	1,459,228
Hire Purchase	(33,494)	16,571	(16,923)
	<hr/>	<hr/>	<hr/>
	£ 330,034	£ 1,112,271	£ 1,442,305
	<hr/>	<hr/>	<hr/>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st MARCH 2004****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
Motor vehicles	- 20% per annum on reducing balance
Office furniture and equipment	- 20% per annum on cost
Computer Equipment	- 20% per annum on cost
Computer software	- 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

Pension contributions are paid into the 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>2004</u>	<u>2003</u>
	£	£
This is stated after charging:		
Director's remuneration (note 3)	399,166	473,470
Auditors' remuneration	5,000	4,750
Depreciation	104,229	92,148
Operating lease rentals:		
Buildings	116,500	116,500
Equipment	28,117	31,734

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31st MARCH 2004

3. INFORMATION CONCERNING DIRECTORS AND EMPLOYEES

	<u>2004</u> £	<u>2003</u> £
(a) Wages and salaries	1,826,851	1,717,066
Social security costs	203,405	173,250
Pension contributions	20,000	11,950
	<u>£ 2,050,256</u>	<u>£ 1,902,266</u>

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

	<u>No.</u>	<u>No.</u>
Office and management	49	47
(b) Director's remuneration:		
	<u>£</u>	<u>£</u>
Salaries	379,166	461,520
Pension contributions	20,000	11,950
	<u>£ 399,166</u>	<u>£ 473,470</u>

Further details, excluding pension contributions:

Chairman	<u>£ 124,500</u>	<u>£ 138,517</u>
Highest paid director	<u>£ 150,166</u>	<u>£ 140,683</u>

Other director's emoluments fell within the following ranges:

£75,001 - £80,000	-	1
£100,001 - £105,000	1	-
£105,001 - £110,000	-	1

4. OPERATING LEASE COMMITMENTS

At the 31 March, 2004 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	-	33,490
Over five years	<u>116,500</u>	<u>-</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2004</u> £	<u>2003</u> £
United Kingdom corporation tax	76,008	197,816
Transfer (from) deferred taxation	(1,244)	(6,682)
	<u>£ 74,764</u>	<u>£ 191,134</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 2004

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	<u>2004</u> £	<u>2003</u> £
Factors affecting UK tax charge for the year:		
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	80,642	177,344
Difference in tax rates	(31,404)	(21,075)
Expenses not deductible for tax purposes	25,526	34,865
	<hr/>	<hr/>
Tax charge for the year	£ 74,764	£ 191,134
	<hr/>	<hr/>

6. TANGIBLE FIXED ASSETS

	<u>Leasehold Improvements</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Furniture and Equipment</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 1st April 2003	85,143	109,427	83,681	365,073	643,324
Additions	-	3,228	-	53,998	57,226
Disposals	-	-	(54,815)	(20,476)	(75,291)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2004	85,143	112,655	28,866	398,595	625,259
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1st April 2003	25,542	54,160	36,791	236,433	352,926
Charge for year	8,514	28,150	6,195	61,370	104,229
Disposals	-	-	(23,567)	(12,077)	(35,644)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2004	34,056	82,310	19,419	285,726	421,511
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at:					
31st March 2004	£ 51,087	£ 30,345	£ 9,447	£ 112,869	£ 203,748
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31st March 2003	£ 59,601	£ 55,267	£ 46,890	£ 128,640	£ 290,398
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Leasehold premises are held on a short lease.

Included in furniture and equipment are assets which are subject to hire purchase agreements as follows:-

	£
Cost -	
At 31.3.2004 and 31.3.2003	92,451
Accumulated Depreciation-	
At 31.3.2004	68,877
At 31.3.2003	45,303
Depreciation charge for the year	23,574
	<hr/>

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 2004

7. INVESTMENTS

	<u>2004</u>	<u>2003</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>2004</u>	<u>2003</u>
	£	£
Trade Debtors	619,073	944,173
Recoverable Costs	128,789	192,289
Other Debtors	5,936	8,708
Prepayments	107,653	78,099
Accrued Income	53,990	99,291
	<u>£ 915,441</u>	<u>£ 1,322,560</u>

9. CREDITORS - amounts falling due within one year

	<u>2004</u>	<u>2003</u>
	£	£
Trade Creditors	300,153	155,864
Payments in Advance	947,378	568,151
Corporation Tax	76,008	197,816
Amount due to Subsidiary Undertaking	100	100
Other Taxes & Social Security costs	245,586	187,139
Hire Purchase	16,923	16,571
Other Creditors	709	442
Directors Current Accounts	24,056	46,776
Accruals	230,224	242,222
	<u>£ 1,841,137</u>	<u>£ 1,415,081</u>

10. CREDITORS - amounts falling due after more than one year

	<u>2004</u>	<u>2003</u>
Hire Purchase	£ -	£ 16,923

11. DEFERRED TAXATION

	<u>2004</u>	<u>2003</u>
Accelerated capital allowances	£ 7,198	£ 8,442

MUNRO & FORSTER COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31st MARCH 2004

12. CALLED UP SHARE CAPITAL

	<u>2004</u>	<u>2003</u>
Authorised:		
200 Ordinary Shares of £1 each	£ 200	£ 200
Allotted and fully paid:		
98 Ordinary Shares of £1 each.	£ 98	£ 98

13. CAPITAL REDEMPTION RESERVE

	<u>2003</u>	<u>2002</u>
At 1st April 2003 and 31st March 2004	£ 102	£ 102

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2004</u>	<u>2003</u>
	£	£
Shareholders' funds, 1st April 2003	536,140	1,271,776
Profit for the financial year on ordinary activities after taxation	194,042	400,014
Purchase of own shares	-	(1,135,650)
Shareholders' funds, 31st March 2004	£ 730,182	£ 536,140

15. RELATED PARTY INFORMATION

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