

Company Number 01030919

MUNRO & FORSTER

COMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2003

**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 2003

DIRECTORS

Mr. B. R. Gunson

Miss. J. Flexen

Mrs. S. Hart

SECRETARY

Mr. B. R. Gunson

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 2003

The Directors present herewith their annual report, together with the audited financial statements of the Company for the year ended 31st March 2003.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £400,014 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:-

	<u>Number of Shares</u>	
	<u>At 31.3.2003</u>	<u>At 31.3.2002</u>
Miss. A.L.Munro (resigned 05/02/03)		102
Mr. B.R.Gunson	98	98
Miss. J. Flexen	-	-
Mrs. S. Hart	-	-

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.

MUNRO & FORSTER COMMUNICATIONS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31st MARCH 2003

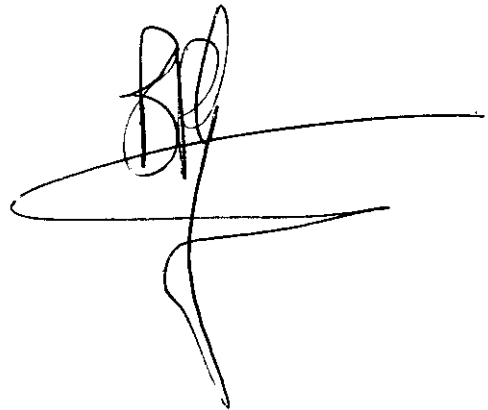
AUDITORS

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**

Date 20th January 2004

Secretary

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned below the 'Secretary' title.

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 2003 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.**

20th January 2004

MUNRO & FORSTER COMMUNICATIONS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31st MARCH 2003**

		<u>2003</u>		<u>2002</u>	
	<u>Notes</u>	£	£	£	£
TURNOVER	1		5,466,323		4,694,049
COST OF SALES			3,544,404		3,229,229
GROSS PROFIT			1,921,919		1,464,820
Distribution costs		125,147		94,923	
Administrative expenses		1,223,403		1,141,384	
			1,348,550		1,236,307
OPERATING PROFIT	2		573,369		228,513
Bank interest receivable		22,144		30,423	
Hire purchase interest		(4,365)		(4,365)	
			17,779		26,058
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			591,148		254,571
TAX ON PROFIT ON ORDINARY ACTIVITIES	5		191,134		75,222
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			400,014		179,349
RETAINED PROFIT BROUGHT FORWARD			1,271,576		1,092,227
PURCHASE OF OWN SHARES			(1,135,650)		-
RETAINED PROFIT CARRIED FORWARD			£ 535,940		£ 1,271,576

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 2003**

		<u>2003</u>	<u>2002</u>
		£	£
	<u>Notes</u>		
FIXED ASSETS			
Tangible assets	6	290,398	361,651
Investments	7	100	100
		<u>290,498</u>	<u>361,751</u>
CURRENT ASSETS			
Debtors	8	826,747	752,962
Cash at bank and in hand		363,528	1,003,913
		<u>1,190,275</u>	<u>1,756,875</u>
CREDITORS - amounts falling due within one year	9	919,268	798,232
		<u></u>	<u></u>
NET CURRENT ASSETS		271,007	958,643
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>561,505</u>	<u>1,320,394</u>
CREDITORS - amounts falling due after more than one year	10	(16,923)	(33,494)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred Taxation	11	(8,442)	(15,124)
		<u></u>	<u></u>
TOTAL NET ASSETS		<u>£ 536,140</u>	<u>£ 1,271,776</u>
Financed by:			
CAPITAL AND RESERVES			
Called up share capital	12	98	200
Capital redemption reserve	13	102	-
Profit and Loss account		535,940	1,271,576
Shareholders' Funds	14	<u>£ 536,140</u>	<u>£ 1,271,776</u>

These financial statements were approved by the Board of Directors

on 20th January 2004

Signed on behalf of the Board of Directors

Director 

MUNRO & FORSTER COMMUNICATIONS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31st MARCH 2003**

	<u>2003</u>		<u>2002</u>	
	£	£	£	£
Net cash inflow/(outflow) from operating activities (note 1)		599,622		(5,251)
Return on investments and servicing of finance				
Bank interest received	22,144		30,423	
Interest element of hire purchase charges	(4,365)		(4,365)	
Net cash inflow from return on investments and servicing of finance		17,779		26,058
Taxation				
Corporation Tax (paid)		(83,098)		(60,035)
Investing activities				
Purchase of own shares	(1,135,650)		-	
Payments to acquire tangible fixed assets	(23,000)		(74,254)	
Receipts from sale of tangible fixed assets	533		11,417	
Net cash (outflow) from investing activities		(1,158,117)		(62,837)
Net cash inflow/(outflow) before financing		(623,814)		(102,065)
Financing				
Hire purchase repayments		(16,571)		(16,570)
Decrease in Cash	£	(640,385)	£	(118,635)
Reconciliation of net cash flow to movement in net funds (note 2)				
Change in net funds resulting from cash flows		(640,385)		(118,635)
Cash outflow from decrease in financing		16,571		16,570
Movement in net funds in the period		(623,814)		(102,065)
Net funds at 1st April 2002		953,848		1,055,913
Net funds at 31st March 2003	£	330,034	£	953,848

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 2003**

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

	<u>2003</u>	<u>2002</u>
	£	£
Operating profit	573,369	228,513
Depreciation charges	92,148	104,647
Loss/(Profit) on disposal of tangible fixed assets	1,572	(45)
(Increase) in debtors	(73,785)	(32,723)
Increase/(Decrease) in creditors	6,318	(305,643)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	£ 599,622	£ (5,251)
	<hr/>	<hr/>

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

	<u>At 1.4.02</u>	<u>Cash Flow</u>	<u>At 31.3.03</u>
	£	£	£
Cash at bank and in hand	1,003,913	(640,385)	363,528
Hire Purchase	(50,065)	16,571	(33,494)
	<hr/>	<hr/>	<hr/>
	£ 953,848	£ (623,814)	£ 330,034
	<hr/>	<hr/>	<hr/>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st MARCH 2003****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	- Over the period of the lease
Fixtures and fittings	- 20% per annum on reducing balance
Motor vehicles	- 20% per annum on reducing balance
Office furniture and equipment	- 20% per annum on reducing balance
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>2003</u>	<u>2002</u>
	£	£
This is stated after charging:		
Director's remuneration (note 3)	473,470	427,902
Auditors' remuneration	4,500	4,500
Depreciation	92,148	104,647
Operating lease rentals:		
Buildings	116,500	116,571
Equipment	31,734	31,515
	<u> </u>	<u> </u>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31st MARCH 2003****3. INFORMATION CONCERNING DIRECTORS AND EMPLOYEES**

	<u>2003</u> £	<u>2002</u> £
(a) Wages and salaries	1,717,066	1,604,516
Social security costs	173,250	153,717
Pension contributions	11,950	17,400
	<u>£ 1,902,266</u>	<u>£ 1,775,633</u>

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

	<u>No.</u>	<u>No.</u>
Office and management	46	48
(b) Director's remuneration:		
	<u>£</u>	<u>£</u>
Salaries	461,520	410,502
Pension contributions	11,950	17,400
	<u>£ 473,470</u>	<u>£ 427,902</u>

Further details, excluding pension contributions:

Chairman	<u>£ 138,517</u>	<u>£ 110,417</u>
Highest paid director	<u>£ 140,683</u>	<u>£ 116,467</u>

Other director's emoluments fell within the following ranges:

£70,001 - £75,000	-	1
£75,001 - £80,000	1	-
£105,001 - £110,000	1	-
£110,001 - £115,000	-	1

4. OPERATING LEASE COMMITMENTS

At the 31 March, 2003 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	-	28,562
Over five years	116,500	-

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2003</u> £	<u>2002</u> £
United Kingdom corporation tax	197,816	83,098
Transfer (from) deferred taxation	(6,682)	(7,876)
	<u>£ 191,134</u>	<u>£ 75,222</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31st MARCH 2003****5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

	<u>2003</u> £	<u>2002</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%	177,344	76,371
Difference in tax rates		
Expenses not deductible for tax purposes	(21,075) 34,865	(25,500) 24,821
Tax charge for the year	<u>£ 191,134</u>	<u>£ 75,692</u>

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 2002	85,143	109,427	96,851	345,073	636,494
Additions	-	-	-	23,000	23,000
Disposals	-	-	(13,170)	(3,000)	(16,170)
At 31st March 2003	<u>85,143</u>	<u>109,427</u>	<u>83,681</u>	<u>365,073</u>	<u>643,324</u>
Depreciation					
At 1st April 2002	17,028	40,343	37,107	180,365	274,843
Charge for year	8,514	13,817	11,949	57,868	92,148
Disposals	-	-	(12,265)	(1,800)	(14,065)
At 31st March 2003	<u>25,542</u>	<u>54,160</u>	<u>36,791</u>	<u>236,433</u>	<u>352,926</u>
Net book value at:					
31st March 2003	<u>£ 59,601</u>	<u>£ 55,267</u>	<u>£ 46,890</u>	<u>£ 128,640</u>	<u>£ 290,398</u>
31st March 2002	<u>£ 68,115</u>	<u>£ 69,084</u>	<u>£ 59,744</u>	<u>£ 164,708</u>	<u>£ 361,651</u>

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 31.3.2003 and 31.3.2002	92,451
Accumulated Depreciation-	
At 31.3.2003	45,116
At 31.3.2002	33,282
Depreciation charge for the year	<u>11,834</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31st MARCH 2003****7. INVESTMENTS**

	<u>2003</u>	<u>2002</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>2003</u>	<u>2002</u>
	£	£
Trade Debtors	448,360	473,059
Recoverable Costs	192,289	213,802
Other Debtors	8,708	6,136
Prepayments	78,099	59,965
Accrued Income	99,291	-
	<u>£ 826,747</u>	<u>£ 752,962</u>

9. CREDITORS - amounts falling due within one year

	<u>2003</u>	<u>2002</u>
	£	£
Trade Creditors	155,864	195,700
Payments in Advance	72,338	62,720
Corporation Tax	197,816	83,098
Amount due to Subsidiary Undertaking	100	100
Other Taxes & Social Security costs	187,139	183,492
Hire Purchase	16,571	16,571
Other Creditors	442	545
Directors Current Accounts	46,776	94,375
Accruals	242,222	161,631
	<u>£ 919,268</u>	<u>£ 798,232</u>

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

	<u>2003</u>	<u>2002</u>
Hire Purchase	£ 16,923	£ 33,494

11. DEFERRED TAXATION

	<u>2003</u>	<u>2002</u>
Accelerated capital allowances	£ 8,442	£ 15,124

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31st MARCH 2003****12. CALLED UP SHARE CAPITAL**

	<u>2003</u>	<u>2002</u>
Authorised, allotted and fully paid:		
98 Ordinary Shares of £1 each.	£ 98	£ 200

13. CAPITAL REDEMPTION RESERVE

	<u>2003</u>	<u>2002</u>
Transfer on cancellation of shares	£ 102	£ -

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2003</u>	<u>2002</u>
	£	£
Shareholders' funds, 1st April 2002	1,271,776	1,092,427
Profit for the financial year on ordinary activities after taxation	400,014	179,349
Purchase of own shares	(1,135,650)	-
Shareholders' funds, 31st March 2003	£ 536,140	£ 1,271,776

15. RELATED PARTY INFORMATION

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