

Company Number 01030919

MUNRO & FORSTER

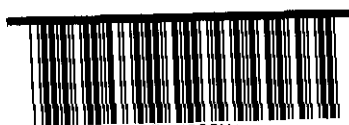
COMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2001

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

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



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MUNRO & FORSTER COMMUNICATIONS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2001

DIRECTORS

Miss. A. L. Munro

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 2001

The Directors present herewith their annual report, together with the audited financial statements of the Company for the year ended 31st March 2001.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £162,097 which when added to the retained profits brought forward of £930,130 gives retained profits to be carried forward of £1,092,227. 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 8.

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 31.3.2001</u>	<u>At 31.3.2000</u>
Miss. A.L.Munro	102	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 2001

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 14/02/02

Secretary

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

REPORT OF THE AUDITORS TO THE MEMBERS OF
MUNRO & FORSTER COMMUNICATIONS LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 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.

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 2001 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.

14th February 2002

MUNRO & FORSTER COMMUNICATIONS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31st MARCH 2001**

		<u>2001</u>	<u>2000</u>
		£	£
	<u>Notes</u>		
TURNOVER	1	4,579,112	3,543,538
COST OF SALES		3,012,149	2,227,431
GROSS PROFIT		1,566,963	1,316,107
Distribution costs		92,565	88,335
Administrative expenses		1,276,407	1,123,124
		1,368,972	1,211,459
		197,991	104,648
OTHER OPERATING INCOME	5	-	1,446
OPERATING PROFIT	2	197,991	106,094
Exceptional Item	6	-	(52,081)
Bank interest receivable		37,506	25,520
Hire purchase interest		(4,365)	-
		33,141	25,520
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		231,132	79,533
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	69,035	30,160
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		162,097	49,373
RETAINED PROFIT BROUGHT FORWARD		930,130	880,757
RETAINED PROFIT CARRIED FORWARD		<u>£ 1,092,227</u>	<u>£ 930,130</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 2001**

		<u>2001</u>		<u>2000</u>
		£	£	£
	Notes			
FIXED ASSETS				
Tangible assets	8	403,416		434,646
Investments	9	100		100
		<u>403,516</u>		<u>434,746</u>
CURRENT ASSETS				
Debtors	10	720,239		622,984
Cash at bank and in hand		1,122,548		593,386
		<u>1,842,787</u>		<u>1,216,370</u>
CREDITORS - amounts falling due within one year	11	1,080,882		640,221
		<u>1,080,882</u>		<u>640,221</u>
NET CURRENT ASSETS		761,905		576,149
TOTAL ASSETS LESS CURRENT LIABILITIES		1,165,421		1,010,895
CREDITORS - amounts falling due after more than one year	12	(49,994)		(66,565)
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred Taxation	13	(23,000)		(14,000)
TOTAL NET ASSETS		<u>£ 1,092,427</u>		<u>£ 930,330</u>
Financed by:				
CAPITAL AND RESERVES				
Called up share capital	14	200		200
Profit and Loss account		1,092,227		930,130
Shareholders' Funds	15	<u>£ 1,092,427</u>		<u>£ 930,330</u>

These financial statements were approved by the Board of Directors

on 14th February.....2002

Signed on behalf of the Board of Directors

.....*Stephen Munro*.....
*[Signature]*.....
 Directors

MUNRO & FORSTER COMMUNICATIONS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31st MARCH 2001**

	<u>2000</u>		<u>2001</u>	
	£	£	£	£
Net cash inflow from operating activities (note 1)		600,245		383,219
Return on investments and servicing of finance				
Interest receivable	37,506		25,520	
Interest payable	(4,365)		-	
		33,141		25,520
Net cash inflow from return on investments and servicing of finance		633,386		408,739
Taxation				
Corporation Tax (paid)		(25,160)		(52,835)
Investing activities				
Payments to acquire tangible fixed assets	(62,493)		(237,599)	
Receipts from sale of tangible fixed assets	-		5,000	
Net cash (outflow) from investing activities		(62,493)		(232,599)
Increase in Cash	£	<u>545,733</u>	£	<u>123,305</u>
Reconciliation of net cash flow to movement in net funds (note 2)				
Change in net funds resulting from cash flows		545,733		123,305
New hire purchase loans		-		(83,206)
Movement in net funds in the period		545,733		40,099
Net funds at 1st April 2000		510,180		470,081
Net funds at 31st March 2001	£	<u>1,055,913</u>	£	<u>510,180</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO CASH FLOW STATEMENT****FOR THE YEAR ENDED 31st MARCH 2001**

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

	<u>2001</u>	<u>2000</u>
	£	£
Operating profit	197,991	106,094
Depreciation charges	93,723	58,579
Profit on disposal of tangible fixed assets	-	(794)
(Increase)/decrease in debtors	(97,255)	133,616
Increase in creditors	405,786	85,724
	<hr/>	<hr/>
Net cash inflow from operating activities	£ 600,245	£ 383,219
	<hr/>	<hr/>

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

	<u>At 1.4.00</u>	<u>Cash Flow</u>	<u>At 31.3.01</u>
	£	£	£
Cash at bank and in hand	593,386	529,162	1,122,548
Hire Purchase	(83,206)	16,571	(66,635)
	<hr/>	<hr/>	<hr/>
	£ 510,180	£ 545,733	£ 1,055,913
	<hr/>	<hr/>	<hr/>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st MARCH 2001****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 by the liability method for all timing differences which are expected to reverse in the foreseeable future.

(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>2001</u> £	<u>2000</u> £
This is stated after charging:		
Director's remuneration (note 3)	593,251	352,390
Auditors' remuneration	4,250	4,000
Depreciation	93,723	58,579
Operating lease rentals:		
Buildings	95,035	124,150
Equipment	33,106	27,303
	<u> </u>	<u> </u>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31st MARCH 2001****3. INFORMATION CONCERNING DIRECTORS AND EMPLOYEES**

	<u>2001</u> £	<u>2000</u> £
(a) Wages and salaries	1,632,225	1,360,241
Social security costs	171,519	138,320
Pension contributions	22,400	22,400
	<u>£ 1,826,144</u>	<u>£ 1,520,961</u>

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

	<u>No.</u>	<u>No.</u>
Office and management	51	46
(b) Director's remuneration:		
	<u>£</u>	<u>£</u>
Salaries	570,851	329,990
Pension contributions	22,400	22,400
	<u>£ 593,251</u>	<u>£ 352,390</u>

Further details, excluding pension contributions:

Chairman and Highest paid director	<u>£ 185,833</u>	<u>£ 102,500</u>
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Other director's emoluments fell within the following ranges:

£20,001 - £25,000	-	1
£85,001 - £90,000	1	-
£90,001 - £95,000		1
£100,001 - £105,000	-	1
£110,000 - £115,000	1	-
£185,000 - £190,000	1	-
	<u>1</u>	<u>-</u>

4. OPERATING LEASE COMMITMENTS

At the 31 March, 2001 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	-	32,671
Over five years	<u>116,500</u>	<u>-</u>

5. OTHER OPERATING INCOME

	<u>2001</u> £	<u>2000</u> £
Rent Receivable	<u>-</u>	<u>1,446</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31st MARCH 2001****6. EXCEPTIONAL ITEM**

	<u>2001</u>	<u>2000</u>
Loss on scrapping of fixed assets on moving premises	£ -	£ 52,081

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2001</u>	<u>2000</u>
	£	£
Corporation tax at 20% (2000: 20%) based on the profit for the year	60,035	25,160
Transfer to deferred taxation	9,000	5,000
	<u>£ 69,035</u>	<u>£ 30,160</u>

8. 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 2000	85,143	109,427	78,755	263,141	536,466
Additions	-	-	-	62,493	62,493
At 31st March 2001	<u>85,143</u>	<u>109,427</u>	<u>78,755</u>	<u>325,634</u>	<u>598,959</u>
Depreciation					
At 1st April 2000	-	1,483	39,708	60,629	101,820
Charge for year	8,514	21,589	7,810	55,810	93,723
At 31st March 2001	<u>8,514</u>	<u>23,072</u>	<u>47,518</u>	<u>116,439</u>	<u>195,543</u>
Net book value at:					
31st March 2001	<u>£ 76,629</u>	<u>£ 86,355</u>	<u>£ 31,237</u>	<u>£ 209,195</u>	<u>£ 403,416</u>
31st March 2000	<u>£ 85,143</u>	<u>£ 107,944</u>	<u>£ 39,047</u>	<u>£ 202,512</u>	<u>£ 434,646</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 31.3.2001 and 31.3.2000	92,451
Accumulated Depreciation-	
At 31.3.2001	18,490
At 31.3.2000	-
Depreciation charge for the year	<u>18,490</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31st MARCH 2001****9. INVESTMENTS**

	<u>2001</u>	<u>2000</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.

10. DEBTORS

	<u>2001</u>	<u>2000</u>
	£	£
Trade Debtors	404,064	410,383
Recoverable Costs	234,972	158,889
Other Debtors	7,560	4,280
Accrued Income	20,956	9,100
Prepayments	52,687	40,332
	<u>£ 720,239</u>	<u>£ 622,984</u>

11. CREDITORS - amounts falling due within one year

	<u>2001</u>	<u>2000</u>
	£	£
Trade Creditors	227,716	210,639
Payments in Advance	224,142	134,995
Corporation Tax	60,035	25,160
Amount due to Subsidiary Undertaking	100	100
Other Taxes & Social Security costs	279,306	116,672
Hire Purchase	16,641	16,641
Directors Current Accounts	152,830	43,430
Accruals	120,112	92,584
	<u>£ 1,080,882</u>	<u>£ 640,221</u>

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

Hire Purchase	<u>£ 49,994</u>	<u>£ 66,565</u>
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13. DEFERRED TAXATION

	<u>2001</u>	<u>2000</u>
Accelerated capital allowances	<u>£ 23,000</u>	<u>£ 14,000</u>

MUNRO & FORSTER COMMUNICATIONS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31st MARCH 2001****14. CALLED UP SHARE CAPITAL**

	<u>2001</u>	<u>2000</u>
Authorised, allotted and fully paid:		
200 Ordinary Shares of £1 each.	£ 200	£ 200

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
	£	£
Shareholders' funds, 1st April 2000	930,330	880,957
Profit for the financial year on ordinary activities after taxation	162,097	49,373
Shareholders' funds, 31st March 2001	£ 1,092,427	£ 930,330

16. RELATED PARTY INFORMATION

The company is controlled by A.L. Munro and B. R. Gunson who are also directors.