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financial statements

Cambridge Medical Communication Limited

For the year ended 31 May 2003

Company registration number: 3523402



Cambridge Medical Communication Limited

Financial Statements

Year ended 31 May 2003

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Cambridge Medical Communication Limited

Officers and Professional Advisers

The board of directors

Mr A J Blake
Mr P E McConkey
Dr J A R Muiry

Company secretary

Mr G A Butler

Registered office

Times House
Fen End
Willingham
Cambridge
Cambridgeshire
CB4 5LH

Auditors

MacIntyre Hudson
Chartered Accountants
& Registered Auditors
Equipoise House
Grove Place
Bedford
MK40 3LE

Bankers

Lloyds TSB Bank Plc
48 High Street
Newmarket
Suffolk

Cambridge Medical Communication Limited

The Directors' Report

Year ended 31 May 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 May 2003.

Principal activities and business review

The principal activity of the company is to provide creative marketing and training materials to pharmaceutical and healthcare clients.

The company has successfully developed its business, in line with its principal activities, resulting in a profitable year's trading.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>42,000</u>	<u>42,000</u>

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 May 2003	At 1 June 2002
Mr A J Blake	—	—
Mr P E McConkey	—	—
Dr J A R Muiry	<u>1,000</u>	<u>1,000</u>

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material

Cambridge Medical Communication Limited

The Directors' Report *(continued)*

Year ended 31 May 2003

departures disclosed and explained in the financial statements; and

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. The directors 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

A resolution to re-appoint MacIntyre Hudson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Times House
Fen End
Willingham
Cambridge
Cambridgeshire
CB4 5LH

Signed by order of the directors



Mr G A Butler
Company Secretary

Approved by the directors on

12th February 2004

Cambridge Medical Communication Limited

Independent Auditors' Report to the Shareholders

Year ended 31 May 2003

We have audited the financial statements which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, Accounting Policies and the related notes 1 to 15. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting 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 responsibilities do not extend to any other information.

Basis of audit 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.

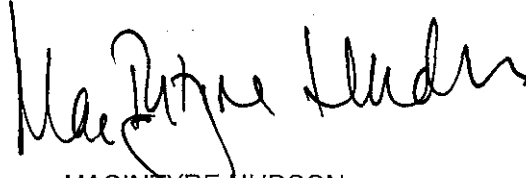
Cambridge Medical Communication Limited

Independent Auditors' Report to the Shareholders *(continued)*

Year ended 31 May 2003

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

Equipoise House
Grove Place
Bedford
MK40 3LE

17 February 2004

Cambridge Medical Communication Limited

Profit and Loss Account

Year ended 31 May 2003

	Note	2003 £	2002 £
Turnover	1	618,474	563,550
Cost of sales		310,684	308,652
Gross profit		307,790	254,898
Administrative expenses		183,976	144,908
Operating profit	2	123,814	109,990
Interest receivable		7,083	3,356
Profit on ordinary activities before taxation		130,897	113,346
Tax on profit on ordinary activities	5	24,532	22,382
Profit on ordinary activities after taxation		106,365	90,964
Dividends	6	42,000	42,000
Retained profit for the financial year		£64,365	£48,964

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The accounting policies and notes on pages 10 to 16 form part of these financial statements.

Cambridge Medical Communication Limited

Balance Sheet

31 May 2003

	Note	2003 £	£	2002 £
Fixed assets				
Tangible assets	7		6,235	<u>3,498</u>
Current assets				
Stocks	8	50,150		58,259
Debtors	9	13,952		113,292
Cash at bank and in hand		315,434		143,590
		379,536		315,141
Creditors: amounts falling due within one year	10	<u>200,254</u>		<u>197,487</u>
Net current assets			179,282	117,654
Total assets less current liabilities			<u>£185,517</u>	<u>£121,152</u>
Capital and reserves				
Called-up equity share capital	13		3,000	3,000
Profit and loss account	14		<u>182,517</u>	<u>118,152</u>
Shareholders' funds	15		<u>£185,517</u>	<u>£121,152</u>

These financial statements were approved by the directors on the 12/01/2004 and are signed on their behalf by:



Mr A J Blake
Director

The accounting policies and notes on pages 10 to 16 form part of these financial statements.

Cambridge Medical Communication Limited

Cash Flow Statement

Year ended 31 May 2003

	2003 £	2002 £
Net cash inflow from operating activities	244,499	123,833
Returns on investments and servicing of finance		
Interest received	7,083	3,356
Net cash inflow from returns on investments and servicing of finance	7,083	3,356
Taxation	(29,098)	(18,887)
Capital expenditure		
Payments to acquire tangible fixed assets	(8,640)	(3,679)
Net cash outflow from capital expenditure	(8,640)	(3,679)
Equity dividends paid	(42,000)	(42,000)
Increase in cash	<u>£171,844</u>	<u>£62,623</u>
Reconciliation of operating profit to net cash inflow from operating activities		
	2003 £	2002 £
Operating profit	123,814	109,990
Depreciation	5,903	3,120
Decrease/(increase) in stocks	8,109	(35,001)
Decrease/(increase) in debtors	99,340	(39,948)
Increase in creditors	7,333	85,672
Net cash inflow from operating activities	<u>£244,499</u>	<u>£123,833</u>
Reconciliation of net cash flow to movement in net funds		
	2003 £	2002 £
Increase in cash in the period	<u>171,844</u>	<u>62,623</u>
Movement in net funds in the period	<u>171,844</u>	<u>62,623</u>
Net funds at 1 June 2002	<u>143,590</u>	<u>80,967</u>
Net funds at 31 May 2003	<u>£315,434</u>	<u>£143,590</u>

The accounting policies and notes on pages 10 to 16 form part of these financial statements.

Cambridge Medical Communication Limited

Cash Flow Statement (*continued*)

Year ended 31 May 2003

Analysis of changes in net funds

	At 1 Jun 2002 £	Cash flows £	At 31 May 2003 £
Net cash:			
Cash in hand and at bank	143,590	171,844	315,434
Net funds	<u>£143,590</u>	<u>£171,844</u>	<u>£315,434</u>

The accounting policies and notes on pages 10 to 16 form part of these financial statements.

Cambridge Medical Communication Limited

Accounting Policies

Year ended 31 May 2003

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 15% Straight line
Computer & office equipment	- 50% Straight Line

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cambridge Medical Communication Limited

Accounting Policies *(continued)*

Year ended 31 May 2003

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Cambridge Medical Communication Limited

Notes to the Financial Statements

Year ended 31 May 2003

1. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	22,379	209,487
Europe	578,480	331,588
Other overseas	17,615	22,475
	<u>£618,474</u>	<u>£563,550</u>

2. Operating profit

Operating profit is stated after charging:

	2003 £	2002 £
Depreciation	5,903	3,120
Auditors' remuneration		
- as auditors	1,500	1,500
- for other services	500	500
Operating lease costs:		
Land and buildings	7,165	6,028
Net loss on foreign currency translation	<u>2,701</u>	<u>—</u>

3. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2003 No	2002 No
Number of production & management staff	<u>8</u>	<u>7</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	207,198	162,174
Social security costs	21,134	15,972
Other pension costs	1,800	1,800
	<u>£230,132</u>	<u>£179,946</u>

Cambridge Medical Communication Limited

Notes to the Financial Statements

Year ended 31 May 2003

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £	2002 £
Emoluments receivable	109,000	99,000
Value of company pension contributions to money purchase schemes	1,800	1,800
	<u>£110,800</u>	<u>£100,800</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003 No	2002 No
Money purchase schemes	<u>1</u>	<u>1</u>

5. Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 19.83%)	24,532	22,382
Total current tax	<u>£24,532</u>	<u>£22,382</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2002 - 19.83%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>130,897</u>	<u>113,346</u>
Profit on ordinary activities by rate of tax	24,870	22,477
Excess of capital allowances over depreciation	(352)	(169)
Expenses not allowable for corporation tax	14	74
Total current tax (note 5(a))	<u>£24,532</u>	<u>£22,382</u>

Cambridge Medical Communication Limited

Notes to the Financial Statements

Year ended 31 May 2003

6. Dividends

The following dividends have been paid in respect of the year:

	2003 £	2002 £
Dividend paid on ordinary shares	<u>42,000</u>	<u>42,000</u>

7. Tangible fixed assets

	Fixtures & Fittings £	Computer & office equipment £	Total £
Cost			
At 1 June 2002	2,954	9,158	12,112
Additions	1,685	6,955	8,640
Disposals	—	(2,340)	(2,340)
At 31 May 2003	<u>£4,639</u>	<u>£13,773</u>	<u>£18,412</u>
Depreciation			
At 1 June 2002	1,185	7,429	8,614
Charge for the year	696	5,207	5,903
On disposals	—	(2,340)	(2,340)
At 31 May 2003	<u>£1,881</u>	<u>£10,296</u>	<u>£12,177</u>
Net book value			
At 31 May 2003	<u>£2,758</u>	<u>£3,477</u>	<u>£6,235</u>
At 31 May 2002	<u>£1,769</u>	<u>£1,729</u>	<u>£3,498</u>

8. Stocks

	2003 £	2002 £
Work in progress	<u>50,150</u>	<u>58,259</u>

9. Debtors

	2003 £	2002 £
Trade debtors	6,265	109,630
Amounts owed by associated undertakings	—	1,411
VAT recoverable	6,646	—
Prepayments and accrued income	1,041	2,251
	<u>£13,952</u>	<u>£113,292</u>

Cambridge Medical Communication Limited

Notes to the Financial Statements

Year ended 31 May 2003

10. Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	20,419	21,915
Amounts owed to associated undertakings	—	26,638
Corporation tax	17,816	22,382
PAYE and social security	22,171	14,593
VAT	—	2,308
Directors loan accounts	—	14,000
Accruals and deferred income	139,848	95,651
	<u>£200,254</u>	<u>£197,487</u>

11. Pensions

The company contributes to a defined contribution scheme for its directors. The charge for the year is £1,800 (2002: £1,800). There were no outstanding or prepaid contributions at the balance sheet date.

12. Related party transactions

Cambridge Multimedia Group Plc and Cambridge Imaging Systems Limited each own one third of the shares in Cambridge Medical Communication Limited. During the year Cambridge Multimedia Group Plc owned shares in Digiverse Limited and Ibis Multimedia Limited. The following transactions took place during the year to 31 May 2003:

Cambridge Medical Communication Limited made sales of £6,751 to Cambridge Imaging Systems Limited. There were no balances outstanding at the year end.

Cambridge Medical Communication Limited bought goods and services to the value of £11,276, £9,395, £1,972 and £22 from Cambridge Multimedia Group Plc, Cambridge Imaging Systems Limited, Ibis Multimedia Limited and Digiverse Limited respectively. There were no balances outstanding at the year end

Cambridge Medical Communication Limited owed loan balances to Cambridge Multimedia Group Plc and Cambridge Imaging Systems Limited of £nil (2002 - £6,800) and £nil (2002 - £14,000) respectively.

13. Share capital

Authorised share capital:

	2003 £	2002 £
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

Cambridge Medical Communication Limited

Notes to the Financial Statements

Year ended 31 May 2003

14. Profit and loss account

	2003 £	2002 £
Balance brought forward	118,152	69,188
Retained profit for the financial year	<u>64,365</u>	<u>48,964</u>
Balance carried forward	<u>£182,517</u>	<u>£118,152</u>

15. Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	106,365	90,964
Dividends	<u>(42,000)</u>	<u>(42,000)</u>
	64,365	48,964
Opening shareholders' equity funds	<u>121,152</u>	<u>72,188</u>
Closing shareholders' equity funds	<u>£185,517</u>	<u>£121,152</u>