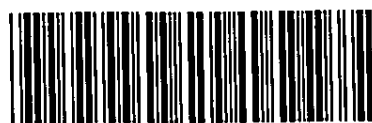




**GROUP MCE LIMITED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2008**

**Company Registration Number 05246329**

**SATURDAY**



**\*A8HKY6ZM\***

**A15**

**31/01/2009**

**164**

**COMPANIES HOUSE**



**GROUP MCE LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the shareholders	4
Profit and loss account	6
Group statement of total recognised gains and losses	7
Reconciliation of movements in shareholders' funds	7
Group balance sheet	8
Balance sheet	9
Group cash flow cash flow statement	10
Notes to the financial statements	13



**GROUP MCE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	Mr N Matthews Ms J Barnard Mr S Maycock
<b>Company secretary</b>	Ms L Dane
<b>Registered office</b>	Beechfield House 38 West Bar Banbury Oxfordshire OX17 9RX
<b>Auditor</b>	Ellacotts LLP Chartered Accountants & Registered Auditors Beechfield House 38 West Bar Banbury Oxfordshire OX16 9RX
<b>Bankers</b>	HSBC 17 Market Place Banbury Oxfordshire OX16 5ED



## **GROUP MCE LIMITED**

### **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 MARCH 2008**

The directors have pleasure in presenting their report and the audited financial statements of the group for the year ended 31 March 2008.

#### **PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The principal activity of the Group is that of supplying marketing services to International Businesses in North America and across Europe. Group MCE Limited is the ultimate holding company of the Group. The principal areas of business of the group include: Advertising, Brand Management, Customer Relationship Marketing, Marketing Communications and Events

The group's key performance indicators during the year were turnover and operating profit. The turnover for the year was £8,044,879 compared with £6,924,176 for the prior year, which represents a 16% improvement over the prior year. The operating profit for the year was £285,270 compared to £159,964 for the prior year, which represents a 78% improvement on the prior year. The year ending 31 March 2008 has been another year of positive growth and development for the group. These improvements in the group's key performance indicators have largely been as a result of the full year of trading by Hunterskil Howard, who the group acquired in February 2007.

The group has also continued to invest in people and the back office systems utilised across its various locations. A new Managing Director was appointed at Hunterskil Howard in Holland, while Fuse Communication laid the foundations for the preparation of their new office facility in Washington DC.

The group's prospects for the year ahead are inevitably coloured by the current world economic climate and outlook for 2009 and as such it is hard to predict the group's performance looking forward. The directors and management believe there are still good opportunities for the company, both in North America and across Europe, but naturally expect client demand for the group's services to soften in 2009 and as a result have set their budgets and forecast for the coming year and beyond to reflect this. The group has also taken steps to reduce overhead costs across its businesses so as to ensure solid levels of profitability are maintained moving forward.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £145,899. Particulars of dividends paid during the year are detailed in note 12 to the financial statements.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The group takes a risk averse attitude to risk and the Board of Directors regularly review the group's exposures to various risks and uncertainties.

The principal risk and uncertainty faced by the group is the impact of the current World economic climate on the group's activities over the coming year.

The group has exposure to interest rate risk as its debts are in the form of bank overdrafts and loan facilities which are at variable interest rates. The directors regularly review the group's interest rate exposure and ensure appropriate action is taken to address the impact of any significant interest rate movements on the group. The Group does not trade in interest rate or currency derivatives.

Potential exposures to foreign currency exchange rate movements are monitored through cash flow forecasts in all currencies in which the group trades. These are reviewed monthly by the Board of Directors and appropriate action is taken to manage any open foreign currency positions.

The group manages its liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of bank deposits, bank overdraft and bank loan facilities.



**GROUP MCE LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 MARCH 2008**

The group only trades with reputable companies and as such the directors do not consider the group to have any significant exposure to credit risk.

**DIRECTORS**

The directors who served the company during the year were as follows:

Mr N Matthews  
Ms J Barnard  
Mr S Maycock

**DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and 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 the group and of the profit or loss of the group for that year. 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 group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office:  
Beechfield House  
38 West Bar  
Banbury  
Oxfordshire  
OX17 9RX

Signed on behalf of the directors

Director  
Mr N Matthews

Approved by the directors on 30 Jan 2009

**GROUP MCE LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
GROUP MCE LIMITED****YEAR ENDED 31 MARCH 2008**

We have audited the group and parent company financial statements ("the financial statements") of Group MCE Limited for the year ended 31 March 2008, which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group Balance Sheet, the Balance Sheet, the Group Cash Flow Statement and related Notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out on pages 13 to 15.

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 auditor's 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 DIRECTORS AND AUDITOR**

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 in the Statement of Directors' Responsibilities.

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 Directors' Report 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 Directors' Report 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, except that the scope of our work was limited as explained below.

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 group's and company's circumstances, consistently applied and adequately disclosed.

We planned 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.

**GROUP MCE LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
GROUP MCE LIMITED (continued)****YEAR ENDED 31 MARCH 2008**

However, with respect to the opening work in progress in Hunterskil Howard BV, which had a carrying value of £237,762 at 31 March 2007, and opening deferred revenue in Hunterskil Howard BV, which had a carrying value of £187,616 at 31 March 2007, the evidence available to us was limited. We were unable to obtain sufficient appropriate audit evidence regarding these items in Hunterskil Howard BV by using other audit procedures.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE**

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to opening work in progress and opening deferred revenue in Hunterskil Howard BV, and as a result the profit for the period attributable to Hunterskil Howard BV, 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 and the group's affairs as at 31 March 2008 and of the profit of the group for the year then ended; and
- The financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work in relation to opening work in progress and deferred revenue and therefore the profit in Hunterskil Howard BV;

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained.

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

ELLACOTTS LLP  
Chartered Accountants  
& Registered Auditors

Beechfield House  
38 West Bar  
Banbury  
Oxfordshire  
OX16 9RX

302 January 2009



**GROUP MCE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2008**

	Note	2008 £	2007 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>8,044,879</b>	<b>6,924,176</b>
Cost of sales		<u>5,635,560</u>	<u>5,580,535</u>
<b>GROSS PROFIT</b>		<b>2,409,319</b>	<b>1,343,641</b>
Net operating expenses	<b>3</b>	<u>2,124,049</u>	<u>1,183,677</u>
<b>OPERATING (LOSS) / PROFIT:</b>	<b>4</b>		
Continuing operations		285,270	557,772
Acquisitions		—	(113,703)
Discontinued operations		<u>—</u>	<u>(284,105)</u>
<b>GROUP OPERATING PROFIT</b>		<b>285,270</b>	<b>159,964</b>
Loss on disposal of fixed assets	<b>7</b>	—	(78,818)
Profit on disposal of discontinued operations	<b>8</b>	—	<u>234,424</u>
		<u>285,270</u>	<u>315,570</u>
Interest receivable		2,404	6,875
Interest payable and similar charges	<b>9</b>	<u>(51,847)</u>	<u>(11,610)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>235,827</b>	<b>310,835</b>
Tax on profit on ordinary activities	<b>10</b>	<u>89,928</u>	<u>186,696</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>145,899</b>	<b>124,139</b>
Minority interests		<u>9,626</u>	<u>43,067</u>
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	<b>24</b>	<u><b>136,273</b></u>	<u><b>81,072</b></u>

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

The company has taken advantage of section 230 of the Companies Act 1985  
not to publish its own Profit and Loss Account.

The notes on pages 13 to 25 form part of these financial statements.



**GROUP MCE LIMITED****GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 31 MARCH 2008**

	2008 £	2007 £
Profit for the financial year		
attributable to the shareholders of the parent company	136,273	81,072
Currency translation differences on foreign currency net investments	125,470	32,877
Total gains and losses recognised since the last annual report	<u>261,743</u>	<u>113,949</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2008 £	2007 £
Profit for the financial year	136,273	81,072
New ordinary share capital subscribed	6,798	12,100
Equity dividends	(19,898)	(50,000)
Foreign currency translation	125,470	32,877
Net addition to shareholders' funds	<u>248,643</u>	<u>76,049</u>
Opening shareholders' funds	285,206	209,157
Closing shareholders' funds	<u>533,849</u>	<u>285,206</u>



**GROUP MCE LIMITED**  
**GROUP BALANCE SHEET**

**31 MARCH 2008**

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Intangible assets	13	333,896	137,711
Tangible assets	14	349,935	284,338
Investments	15	642	642
		<u>684,473</u>	<u>422,691</u>
<b>CURRENT ASSETS</b>			
Debtors	16	3,235,629	1,940,083
Cash at bank and in hand		339,270	317,238
		<u>3,574,899</u>	<u>2,257,321</u>
<b>CREDITORS: Amounts falling due within one year</b>	17	<u>3,389,933</u>	<u>2,127,914</u>
<b>NET CURRENT ASSETS</b>		<u>184,966</u>	<u>129,407</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>869,439</u>	<u>552,098</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	18	<u>167,636</u>	<u>126,048</u>
		<u>701,803</u>	<u>426,050</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	20	85,244	68,772
		<u>616,559</u>	<u>357,278</u>
<b>MINORITY INTERESTS</b>		<u>82,710</u>	<u>72,072</u>
		<u>533,849</u>	<u>285,206</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	23	19,898	13,100
Profit and loss account	24	513,951	272,106
<b>SHAREHOLDERS' FUNDS</b>		<u>533,849</u>	<u>285,206</u>

These financial statements were approved by the directors and authorised for issue on ..... 30 Jan 2009 .....  
and are signed on their behalf by:

Mr N Matthews  
Director

**GROUP MCE LIMITED****BALANCE SHEET****31 MARCH 2008**

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	14	47,231	65,429
Investments	15	1,042,637	804,283
		<u>1,089,868</u>	<u>869,712</u>
<b>CURRENT ASSETS</b>			
Debtors	16	89,600	13,235
Cash at bank and in hand		100,262	4,204
		<u>189,862</u>	<u>17,439</u>
<b>CREDITORS: Amounts falling due within one year</b>	17	<u>381,390</u>	<u>158,146</u>
<b>NET CURRENT LIABILITIES</b>		<u>(191,528)</u>	<u>(140,707)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>898,340</u>	<u>729,005</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	18	<u>721,358</u>	<u>524,831</u>
		<u>176,982</u>	<u>204,174</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	23	19,898	13,100
Profit and loss account	24	157,084	191,074
<b>SHAREHOLDERS' FUNDS</b>		<u>176,982</u>	<u>204,174</u>

These financial statements were approved by the directors and authorised for issue on 30 Jan 2009,  
and are signed on their behalf by:

Mr N Matthews  
Director



**GROUP MCE LIMITED**  
**GROUP CASH FLOW CASH FLOW STATEMENT**  
**YEAR ENDED 31 MARCH 2008**

	Note	2008 £	2007 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		<b>362,564</b>	<b>414,037</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		2,404	6,875
Interest paid		(49,608)	(11,610)
Interest element of hire purchase		(2,239)	—
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(49,443)</b>	<b>(4,735)</b>
<b>TAXATION</b>		<b>(158,073)</b>	<b>(51,209)</b>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire intangible fixed assets		(258,602)	(272,374)
Payments to acquire tangible fixed assets		(171,021)	(284,225)
Receipts from sale of fixed assets		236	—
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<b>(429,387)</b>	<b>(556,599)</b>
<b>EQUITY DIVIDENDS PAID</b>		<b>(19,898)</b>	<b>(50,000)</b>
<b>MINORITY INTERST DIVIDENDS PAID</b>		<b>-</b>	<b>(21,711)</b>
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(294,237)</b>	<b>(270,217)</b>
<b>FINANCING</b>			
Issue of equity share capital		6,798	12,100
Increase in bank loans		209,084	366,714
Capital element of hire purchase		100,387	30,000
<b>NET CASH INFLOW FROM FINANCING</b>		<b>316,269</b>	<b>408,814</b>
<b>DECREASE IN CASH</b>		<b>22,032</b>	<b>138,597</b>

**GROUP MCE LIMITED****GROUP CASH FLOW CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31 MARCH 2008****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW)  
FROM OPERATING ACTIVITIES**

	2008	2007
	£	£
Operating profit	285,270	159,964
Amortisation	62,418	18,594
Depreciation	116,327	47,918
Loss on disposal of fixed assets	3,070	23,115
Increase in debtors	(1,295,546)	(1,030,425)
Increase in creditors	1,191,025	1,194,871
Net cash inflow/(outflow) from operating activities	<u>362,564</u>	<u>414,037</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2008	2007
	£	£
Decrease in cash in the period	22,032	138,597
Net cash (inflow) from bank loans	(209,084)	(366,714)
Cash outflow in respect of hire purchase	<u>(100,387)</u>	<u>(30,000)</u>
	(287,439)	(258,117)
Change in net debt	(287,439)	(258,117)
Net debt at 1 April 2007	(79,476)	178,641
Net debt at 31 March 2008	<u>(366,915)</u>	<u>(79,476)</u>



**GROUP MCE LIMITED**  
**GROUP CASH FLOW CASH FLOW STATEMENT** *(continued)*  
**YEAR ENDED 31 MARCH 2008**

**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Apr 2007 £	Cash flows £	At 31 Mar 2008 £
Net cash:			
Cash in hand and at bank	317,238	22,032	339,270
	<u>317,238</u>	<u>22,032</u>	<u>339,270</u>
Debt:			
Debt due within 1 year	(264,874)	(235,892)	(500,766)
Debt due after 1 year	(101,840)	26,808	(75,032)
Hire purchase agreements	(30,000)	(100,387)	(130,387)
	<u>(396,714)</u>	<u>(309,471)</u>	<u>(706,185)</u>
Net debt	<u>(79,476)</u>	<u>(287,439)</u>	<u>(366,915)</u>



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards as defined in the Companies Act 1985.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

**Turnover**

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

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

**Goodwill**

Goodwill arising on an acquisition of subsidiary undertakings is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life.

Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the recoverable value may not be recoverable.

**Other intangibles**

Other intangible fixed assets represent development costs created within the business which have been capitalised under SSAP 13 so as to recognise these costs over the period of their expected commercial use.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - straight line over 10 years

Other intangibles - straight line over 5 years



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**1. ACCOUNTING POLICIES** *(continued)*

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property - straight line over 7 years

Fixtures & fittings - straight line over 3 to 7 years

Motor vehicles - straight line over 4 years

Equipment - straight line over 3 to 7 years

Computer software - straight line over 2 to 3 years

**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.

**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.





**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**1. ACCOUNTING POLICIES** *(continued)*

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

**Investments**

Fixed asset investments are stated at cost less any provision for impairment in value.

**2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2008 £	2007 £
<b>Continuing operations:</b>		
United Kingdom	-	2,596
USA	4,794,951	5,543,247
Netherlands	3,249,928	-
	<u>8,044,879</u>	<u>5,545,843</u>
<b>Acquisitions:</b>		
Netherlands	-	383,877
<b>Discontinued operations:</b>		
Africa	-	994,456
<b>Total Turnover</b>	<u>8,044,879</u>	<u>6,924,176</u>

**3. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES**

	Continuing operations £	Acquired operations £	Discontinued operations £	Total £
<b>YEAR ENDED 31 MARCH 2008</b>				
Cost of sales	<u>5,635,560</u>	-	-	<u>5,635,560</u>
Net operating expenses	<u>2,124,049</u>	-	-	<u>2,124,049</u>
Operating profit	<u>285,270</u>	-	-	<u>285,270</u>
<b>YEAR ENDED 31 MARCH 2007</b>				
Cost of sales	4,258,108	316,655	1,005,772	5,580,535
Net operating expenses	729,963	180,925	272,789	1,183,677
Operating profit / (loss)	<u>557,772</u>	<u>(113,703)</u>	<u>(284,105)</u>	<u>159,964</u>



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**4. OPERATING PROFIT**

Operating profit is stated after charging:

	2008	2007
	£	£
Amortisation	62,418	18,594
Depreciation of owned fixed assets	88,781	47,168
Depreciation of assets held under hire purchase agreements	27,546	750
Loss on disposal of fixed assets	3,070	23,115
Auditor's remuneration		
- as auditor	15,430	14,840
Operating lease costs:		
Land and buildings	95,099	57,643
Net loss on foreign currency translation	<u>40,496</u>	<u>53,300</u>

**5. PARTICULARS OF EMPLOYEES**

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

	2008	2007
	No	No
Number of production staff	65	56
Number of administrative staff	12	11
	<u>77</u>	<u>67</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	2,787,096	1,615,823
Social security costs	209,028	120,379
	<u>2,996,124</u>	<u>1,736,202</u>

**6. DIRECTORS' EMOLUMENTS**

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

	2008	2007
	£	£
Emoluments receivable	<u>296,084</u>	<u>221,702</u>

**Emoluments of highest paid director:**

	2008	2007
	£	£
Total emoluments	<u>137,000</u>	<u>92,667</u>



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**7. LOSS ON DISPOSAL OF FIXED ASSETS**

	2008	2007
	£	£
Loss on disposal of fixed assets investments	—	(78,818)

**8. PROFIT ON TERMINATION OF DISCONTINUED OPERATIONS**

	2008	2007
	£	£
Termination of discontinued operations:		
Profit on termination of operation	—	234,424

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2008	2007
	£	£
Interest payable on bank borrowing	49,608	11,610
Finance charges	2,239	—
	<u>51,847</u>	<u>11,610</u>

**10. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2008	2007
	£	£
Current tax:		
<b>UK Taxation</b>		
In respect of the year:		
UK Corporation tax based on the results for the year at 20% (2007 - 19%)	976	12,782
(Over)/under provision in prior year	4,916	4,506
	<u>5,892</u>	<u>17,288</u>
<b>Foreign tax</b>		
Current tax on income for the year	67,564	109,832
Total current tax	<u>73,456</u>	<u>127,120</u>
Deferred tax:		
Origination and reversal of timing differences (note 20)		
Capital allowances	16,472	59,576
Tax on profit on ordinary activities	<u>89,928</u>	<u>186,696</u>



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**10. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2007 - 19%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>235,827</u>	<u>310,835</u>
Profit on ordinary activities by rate of tax	47,165	59,059
Depreciation	4,133	995
Entertainment	194	129
Inter company debt waived	987	17,461
Capital allowances	(1,714)	(3,579)
Foreign tax	17,775	71,749
Dividends from group companies	-	(15,959)
Group relief claimed	-	(7,240)
Under provision in prior year	4,916	4,506
Total current tax (note 10(a))	<u>73,456</u>	<u>127,120</u>

**11. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

The loss dealt with in the accounts of the parent company was £(14,092) (2007 - £84,636).

**12. DIVIDENDS**

**Equity dividends**

	2008 £	2007 £
Paid		
Equity dividends on ordinary shares	<u>19,898</u>	<u>50,000</u>



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**13. INTANGIBLE FIXED ASSETS**

Group	Goodwill £	Development expenditure £	Total £
<b>COST</b>			
At 1 April 2007	179,534	–	179,534
Additions	20,882	237,720	258,602
<b>At 31 March 2008</b>	<b>200,416</b>	<b>237,720</b>	<b>438,136</b>
<b>AMORTISATION</b>			
At 1 April 2007	41,822	–	41,822
Charge for the year	20,042	42,376	62,418
<b>At 31 March 2008</b>	<b>61,864</b>	<b>42,376</b>	<b>104,240</b>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2008</b>	<b>138,552</b>	<b>195,344</b>	<b>333,896</b>
At 31 March 2007	137,711	–	137,711

**14. TANGIBLE FIXED ASSETS**

Group	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Office equipment £	Computer Software £	Total £
<b>COST</b>						
At 1 Apr 2007	5,960	133,631	36,000	161,013	34,985	371,589
Additions	–	–	–	169,964	1,057	171,021
Disposals	–	(6,437)	–	(19,550)	–	(25,987)
Foreign currency translation	–	8,927	–	5,522	–	14,449
<b>At 31 Mar 2008</b>	<b>5,960</b>	<b>136,121</b>	<b>36,000</b>	<b>316,949</b>	<b>36,042</b>	<b>531,072</b>
<b>DEPRECIATION</b>						
At 1 Apr 2007	837	23,418	750	48,869	13,377	87,251
Charge for the year	759	33,256	9,000	65,089	8,223	116,327
On disposals	–	(5,621)	–	(17,060)	–	(22,681)
Foreign currency translation	–	687	–	(447)	–	240
<b>At 31 Mar 2008</b>	<b>1,596</b>	<b>51,740</b>	<b>9,750</b>	<b>96,451</b>	<b>21,600</b>	<b>181,137</b>
<b>NET BOOK VALUE</b>						
<b>At 31 Mar 2008</b>	<b>4,364</b>	<b>84,381</b>	<b>26,250</b>	<b>220,498</b>	<b>14,442</b>	<b>349,935</b>
At 31 Mar 2007	5,123	110,213	35,250	112,144	21,608	284,338



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**14. TANGIBLE FIXED ASSETS** *(continued)*

**Hire purchase agreements**

Included within the net book value of £349,935 is £135,023 (2007 - £35,250) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £27,546 (2007 - £750).

<b>Company</b>	<b>Motor Vehicles £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>COST</b>			
At 1 April 2007	36,000	35,873	71,873
Additions	–	2,469	2,469
<b>At 31 March 2008</b>	<u>36,000</u>	<u>38,342</u>	<u>74,342</u>
<b>DEPRECIATION</b>			
At 1 April 2007	750	5,694	6,444
Charge for the year	9,000	11,667	20,667
<b>At 31 March 2008</b>	<u>9,750</u>	<u>17,361</u>	<u>27,111</u>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2008</b>	<u>26,250</u>	<u>20,981</u>	<u>47,231</u>
At 31 March 2007	<u>35,250</u>	<u>30,179</u>	<u>65,429</u>

**Hire purchase agreements**

Included within the net book value of £47,231 is £26,250 (2007 - £35,250) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £9,000 (2007 - £750).

**15. INVESTMENTS**

<b>Group</b>	<b>Associated undertakings £</b>
<b>COST</b>	
At 1 April 2007 and 31 March 2008	<u>642</u>
<b>NET BOOK VALUE</b>	
<b>At 31 March 2008</b>	<u>642</u>
At 31 March 2007	<u>642</u>

Fuse Communication (Africa) Limited holds a 7% shareholding in a South African company Maropeng a'Afrika (Proprietary) Limited.



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**15. INVESTMENTS** *(continued)*

Company	Group companies £
<b>COST</b>	
At 1 April 2007	804,283
Additions	238,354
At 31 March 2008	<u>1,042,637</u>
<b>NET BOOK VALUE</b>	
At 31 March 2008	<u>1,042,637</u>
At 31 March 2007	<u>804,283</u>

The additions to investments in subsidiaries relates to additional consideration paid by the company during the year in relation to the acquisition of Hunterskil Howard BV.

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the company's balance sheet.

The company owns 100% of the issued share capital of the companies listed below:

	Country of incorporation	Class of shares	Capital & Reserves	Profit for period
Fuse Communication (Africa) Limited	England	Ordinary	£642	£Nil

Fuse Communication (Africa) Limited is a dormant company. An application for Fuse Communication (Africa) Limited to be struck off the register of companies was filed at Companies House on 2 October 2008.

	Country of incorporation	Class of shares	Capital & Reserves	Profit for period
Fuse Communication Limited Limited	England	Ordinary	£1	£Nil

Fuse Communication Limited is a dormant company.

	Country of incorporation	Class of shares	Capital & Reserves	Profit for period
Hunterskil Howard BV.	Netherlands	Ordinary	£929,471	£341,674

Hunterskil Howard BV owns 100% of the share capital of the following company listed below:

	Country of incorporation	Class of shares	Capital & Reserves	Profit for period
Hunterskil Howard BVBA.	Belgium	Ordinary	£30,435	£13,497



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**15. INVESTMENTS** *(continued)*

The trading activity of Hunterskil Howard BV and Hunterskil Howard BVBA is the provision of marketing and communication services.

The company owns 80% of the issued share capital of the company listed below:

	Country of incorporation	Class of shares	Capital & Reserves	Profit for period
Fuse Communication Inc.	USA	Ordinary	£413,548	£48,128

The trading activity of Fuse Communication Inc is the provision of marketing and communication services.

**16. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,522,669	1,073,118	–	–
Amounts owed by group undertakings	–	–	72,365	–
VAT recoverable	6,362	33,229	8,739	6,536
Work unbilled at year end	1,470,038	689,126	–	–
Other debtors	160,543	17,751	8,496	6,165
Prepayments and accrued income	76,017	126,859	–	534
	<u>3,235,629</u>	<u>1,940,083</u>	<u>89,600</u>	<u>13,235</u>

**17. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Billings in advance	1,476,908	566,051	–	–
Bank loans and overdrafts	500,766	264,874	27,186	27,185
Trade creditors	821,079	624,118	47,700	40,038
Amounts owed to group undertakings	–	–	1	–
Hire purchase agreements	37,783	5,792	5,792	5,792
Directors' loan accounts	8,060	20,892	8,060	20,892
Other creditors including taxation and social security:				
Corporation tax	27,835	112,452	11,729	23,882
PAYE and social security	98,403	141,003	30,426	13,923
Other creditors	316,784	14,997	235,296	3,427
Accruals and deferred income	102,315	377,735	15,200	23,007
	<u>3,389,933</u>	<u>2,127,914</u>	<u>381,390</u>	<u>158,146</u>





**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**17. CREDITORS: Amounts falling due within one year** *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>500,766</b>	264,874	<b>27,186</b>	27,185
Hire purchase agreements	<b>37,783</b>	5,792	<b>5,792</b>	5,792
	<b><u>538,549</u></b>	<b><u>270,666</u></b>	<b><u>32,978</u></b>	<b><u>32,977</u></b>

The bank loans and overdrafts are secured by a debenture charge over all the assets of the Company and the hire purchase agreements are secured by the assets to which they relate.

**18. CREDITORS: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>75,032</b>	101,840	<b>75,032</b>	101,840
Amounts owed to group undertakings	<b>—</b>	—	<b>627,911</b>	398,783
Hire purchase agreements	<b>92,604</b>	24,208	<b>18,415</b>	24,208
	<b><u>167,636</u></b>	<b><u>126,048</u></b>	<b><u>721,358</u></b>	<b><u>524,831</u></b>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>75,032</b>	101,840	<b>75,032</b>	101,840
Hire purchase agreements	<b>92,604</b>	24,208	<b>18,415</b>	24,208
	<b><u>167,636</u></b>	<b><u>126,048</u></b>	<b><u>93,447</u></b>	<b><u>126,048</u></b>

The bank loans and overdrafts are secured by a debenture charge over all the assets of the Company and the hire purchase agreements are secured by the assets to which they relate.

**19. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts payable within 1 year	<b>37,783</b>	5,792	<b>5,792</b>	5,792
Amounts payable between 2 to 5 years	<b>92,604</b>	24,208	<b>18,415</b>	24,208
	<b><u>130,387</u></b>	<b><u>30,000</u></b>	<b><u>24,207</u></b>	<b><u>30,000</u></b>



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**20. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Provision brought forward	<b>68,772</b>	9,196	-	-
Increase in provision	<b>16,472</b>	59,576	-	-
Provision carried forward	<b><u>85,244</u></b>	<b><u>68,772</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

<b>Group</b>	<b>2008</b>		<b>2007</b>	
	<b>Provided</b>	<b>Unprovided</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<b><u>85,244</u></b>	<b><u>-</u></b>	<b><u>68,772</u></b>	<b><u>-</u></b>

**21. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2008 the group had annual commitments under non-cancellable operating leases as set out below.

<b>Group</b>	<b>Land and buildings</b>	
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 2 to 5 years	<b><u>315,309</u></b>	<b><u>283,790</u></b>

**22. RELATED PARTY TRANSACTIONS**

The company was under the control of Mr N Matthews and Ms J Barnard throughout the period. Mr N Matthews is the Chief executive of the company and Ms J Barnard is the Group Development director.

At the year end, the following amounts were owed to the directors, which are included in creditors within 1 year:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Mr N Matthews	1,339	7,892
Ms J Barnard	6,597	13,000
Mr S Maycock	124	-

The Group has taken advantage of exemptions available under FRS8 "Related Party transactions" from disclosing transactions with its wholly owned subsidiary undertakings.



**GROUP MCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2008**

**23. SHARE CAPITAL****Authorised share capital:**

	2008 £	2007 £
200,000 Ordinary shares of £0.10 each	-	20,000
10,000,000 Ordinary shares of £0.01 each	<u>100,000</u>	<u>-</u>
	<u>100,000</u>	<u>20,000</u>

**Allotted, called up and fully paid:**

	2008		2007	
	No	£	No	£
Ordinary shares of £0.10 each	-	-	131,000	13,100
Ordinary shares of £0.01 each	<u>1,989,800</u>	<u>19,898</u>	<u>-</u>	<u>-</u>
	<u>1,989,800</u>	<u>19,898</u>	<u>131,000</u>	<u>13,100</u>

On 31 March 2008, the issued £0.10 ordinary shares were recalled and reissued as £0.01 ordinary shares. Of these, 975,000 shares were issued at par to Mr N Matthews, 975,000 shares were issued at par to Ms J Barnard and 39,800 were issued at par to Mr S Maycock.

**24. RESERVES**

Group	Profit and loss account £
Balance brought forward	272,106
Profit for the year	136,273
Equity dividends	(19,898)
Foreign currency translation	125,470
Balance carried forward	<u>513,951</u>
Company	Profit and loss account £
Balance brought forward	191,074
Loss for the year	(14,092)
Equity dividends	(19,898)
Balance carried forward	<u>157,084</u>