

STRATEGIC COMMUNICATION LABORATORIES LIMITED
Registered number: 05514098

Financial statements
for the year ended 31 December 2009

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STRATEGIC COMMUNICATION LABORATORIES LIMITED

Annual report for the year ended 31 December 2009

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STRATEGIC COMMUNICATION LABORATORIES LIMITED

Company information

Directors

Mr N J Oakes
Mr A W Oakes
Mr A J A Nix
Mr J Wheatland
Mr R Gabb

Secretary

Mr J M Bottomley

Registered office

Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Company number

05514098

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Chairman's statement for the year ended 31 December 2009

I am pleased to report that 2009 has been a successful year for SCL, delivering strong growth in sales and its first operating profit

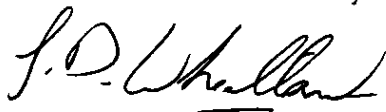
The company continues to be a premium player in the creation, implementation and evaluation of complete strategic communication campaigns for government and military organisations worldwide. The company provides audience research, communications solutions and training in international defence and other markets.

The core government Defence business maintained its excellent performance during 2009, but we remain cautious about government budget issues representing a challenge and potential growth constraint in 2010. Strong demand was seen for SCL Election Services and this market contributed significantly to the overall operating performance.

SCL's unique scientific approach focuses on creating real and measurable Behavioural Change and it is this factor that is now becoming recognised in our target markets as the differentiated impact of using SCL's services. To further utilise this competitive advantage, the Company is diversifying and developing new market sectors, such as Commercial and Social, during 2010.

During 2009, the company achieved a major breakthrough in core markets and turnover increased by 750% to over £8 Million. Operating profit before interest and tax was, for the first time, positive at over £2 Million.

Overall, SCL's performance in 2009 represents a very satisfactory outcome, particularly when considered in the context of the current difficult and uncertain economic environment. The company is well positioned to continue to take advantage of demand in its core defence and elections markets and will seek new market sectors to diversify its exposure.



Julian Wheatland

Chairman

6 September 2010

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Directors' report for the year ended 31 December 2009

The directors submit their report and the financial statements of the company for the year ended 31 December 2009

Principal activities

The company's principal activity is that of the training, consultancy and supply of operational facilities in the field of strategic communication

Results

The results for the year are set out in the profit and loss account on page 8

Directors

The directors who held office during the year were

Mr N J Oakes
Mr A W Oakes
Mr A J A Nix
Mr J Wheatland
Mr R Gabb

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

The auditor, PKF (UK) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

The report of the director has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Post balance sheet events

On 23 August 2010 the Company purchased 6,253 of its own ordinary 10p shares at a total cost of £100,048

Approved by the board and signed on its behalf by



Mr J M Bottomley
Secretary

6 September 2010

STRATEGIC COMMUNICATION LABORATORIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

STRATEGIC COMMUNICATION LABORATORIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRATEGIC COMMUNICATION LABORATORIES LIMITED

We have audited the financial statements of Strategic Communication Laboratories Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to smaller entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



Jason Homewood (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors
London, UK

Date

7 September 2010

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Profit and loss account for the year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	2	8,171,118	959,726
Cost of sales		<u>(5,308,895)</u>	<u>(666,007)</u>
Gross profit		2,862,223	293,719
Administrative expenses		<u>(796,594)</u>	<u>(561,296)</u>
Operating profit/(loss)	3	2,065,629	(267,577)
Interest receivable and similar income		96	1,065
Interest payable and similar charges		<u>(13,037)</u>	<u>(159)</u>
Profit/(loss) on ordinary activities before taxation		2,052,688	(266,671)
Tax on profit/(loss) on ordinary activities	4	<u>178,142</u>	<u>-</u>
Profit/(loss) on ordinary activities after taxation		<u>2,230,830</u>	<u>(266,671)</u>

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Registered number: 05514098

Balance sheet as at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	5	63,469	35,893
		<u>63,469</u>	<u>35,893</u>
Current assets			
Debtors	6	3,328,153	247,330
Cash at bank and in hand		1,956,375	180,361
		<u>5,284,528</u>	<u>427,691</u>
Creditors amounts falling due within one year	7	3,081,592	428,009
Net current assets/(liabilities)		<u>2,202,936</u>	<u>(318)</u>
Total assets less current liabilities		<u>2,266,405</u>	<u>35,575</u>
Net assets		<u>2,266,405</u>	<u>35,575</u>
Capital and reserves			
Called up share capital	10	9,513	9,513
Share premium account	11	2,993,238	2,993,238
Profit and loss account	11	(736,346)	(2,967,176)
Shareholders' funds		<u>2,266,405</u>	<u>35,575</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 September 2010



Julian Wheatland
Chairman

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2009

1 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

Turnover represents supply of goods and services, including royalties, net of value added tax. Turnover is recognised as contract activity progresses by reference to the value of the work performed.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Library	25% reducing balance
Fixtures and fittings	20% straight line
Computer equipment	25-66% straight line

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

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2009 – continued

2 Turnover

Of the stated turnover figure, 96% (2008 86%) is attributable to geographical markets outside the United Kingdom

3 Operating loss

The operating loss is stated after charging

	2009 £	2008 £
Auditors' remuneration	13,000	8,000
Depreciation – owned assets	29,783	18,595
Directors' emoluments and other benefits	277,730	160,608

4 Taxation

	2009 £	2008 £
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	-	-
Deferred tax (see note 8)		
Origination and reversal of timing differences	178,142	-
Tax on profit on ordinary activities	178,142	-

The company has tax losses carried forward to next year of £809 737 (2008 - £2,940,915)

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2009 - continued

5 Tangible fixed assets

	Library £	Computer equipment £	Fixtures & fittings £	Total £
Cost				
At 1 January 2009	6,910	61,656	-	68,566
Additions	686	53,904	2,769	57,359
At 31 December 2009	7,596	115,560	2,769	125,925
Accumulated depreciation				
At 1 January 2009	3,765	28,908	-	32,673
Charge for period	1,720	27,982	81	29,783
At 31 December 2009	5,485	56,890	81	62,456
Net book value				
At 31 December 2009	2,111	58,670	2,688	63,469
At 1 January 2009	3,145	32,748	-	35,893

6 Debtors

	2009 £	2008 £
Amounts recoverable on contracts	2,833,566	176,911
Other debtors	264,125	58,474
Deferred tax asset (see note 8)	178,142	-
Prepayments	7,230	7,972
VAT recoverable	45,090	3,973
	3,328,153	247,330

7 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	53,171	62,412
Other creditors	25,000	48,493
Accruals	1,027,268	26,928
Payments on account	1,976,153	290,176
	3,081,592	428,009

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2009 – continued

8 Deferred tax asset

	2009 £	2008 £
At beginning of year	-	-
Increase during the year	178,142	-
At end of year	<u>178,142</u>	<u>-</u>

The deferred tax asset is made up as follows

	2009 £	2008 £
Tax losses	178,142	-
	<u>178,142</u>	<u>-</u>

9 Operating lease commitments

The following operating lease payments are committed to be paid within one year

Expiring	2009 £	2008 £
Less than 1 year	59,250	-
Between 1 and 5 years	-	34,900
	<u>-</u>	<u>34,900</u>

10 Share capital

	2009 £	2008 £
Allotted, called up and fully paid		
95,134 ordinary shares of 10p each	<u>9,513</u>	<u>9,513</u>

STRATEGIC COMMUNICATION LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2009 – continued

11 Reserves

	Share premium account	Profit and loss account
	£	£
At 31 December 2008	2,993,238	(2,967,176)
Profit for the period	-	2,230,830
At 31 December 2009	2,993,238	(736,346)

12 Related party transactions

Included in other debtors is £23,966 (2008 £16,671) due from Boldnote Ltd, a company controlled by certain directors of Strategic Communication Laboratories Limited. The movements are due to extra cash provided to Boldnote Limited during the course of the year.

Included in other creditors is £nil (2008 £23,493 creditor) due from Boldnote Ltd, a company controlled by certain directors of Strategic Communication Laboratories Limited. The movement is due to the amount being paid off during the year.

Included in other creditors is £25,000 (2008 £25,000) due to Consensus Business Group Limited, a company that is a significant shareholder of Strategic Communication Laboratories Limited.

13 Post balance sheet events

On 23 August 2010 the Company purchased 6,253 of its own ordinary 10p shares at a total cost of £100,048.