

C2544

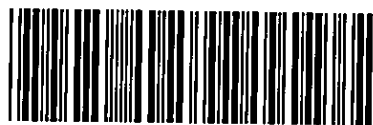
Company Registration No 2708053 (England and Wales)

Registrar

cchm:ping Limited

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

MONDAY



L3QTXRHC
LD3 23/07/2007 379
COMPANIES HOUSE

cchm:ping Limited

COMPANY INFORMATION

Directors	C Brooks L W N Camp S J Chipperfield P L Gordon C Hill S Ingram D Thomas R Pybus A Ellis J Thomas J Spooner
Secretary	J Davies
Company number	2708053
Registered office	12 - 18 Grosvenor Gardens London SW1W 0DH
Business address	12 - 18 Grosvenor Gardens London Great Britain SW1W 0DH
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	Coutts & Co 440 The Strand London WC2R 0QS

cchm:ping Limited

CONTENTS

	Page
Chairman's statement	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	9 - 17

cchm:ping Limited

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The year ended 30th September 2006 was a difficult year for cchm ping. Although turnover and fee income remained broadly similar to the previous year, we experienced a serious deterioration in profitability, and we recorded a loss of £339,071 for the year.

This was partly because much of the new work taken on during the year was highly labour-intensive and offered very low margins.

In addition, a combination of other factors, including a bad debt, a write-off and some staff restructuring costs all took their toll on the bottom line.

Nevertheless, our team continued to work hard and with admirable commitment. I am very grateful to them.

The financial services market in which we specialise remains strong, and I am convinced that there is good business potential in it for a brand and communications agency like cchm ping.

With a more vigorous business development programme and a tougher cost management regime, I believe we can deliver a much better result in the current financial year.



Chairman

Dated

30/03/07

cchm:ping Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The directors present their report and accounts for the year ended 30 September 2006

Principal activities

The principal activity of the company continues to be that of a full service advertising and direct marketing agency

Review of business

The company made a pre-tax loss of £339071 (2005 - a profit of £502556) for the year on a turnover of £8047039 (2005 - £8262666)

At 30 September 2006 the company had net assets of £64784 (2005 - £458961)

The principal risk and uncertainty facing the company relates to competition from other companies providing similar services

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business

Dividends

The directors do not recommend payment of an ordinary dividend

Directors and their interests

The directors who held office during the period, together with their beneficial interest in the share capital and option of the company were as follows

	Ordinary shares of 1p each		Options in the company	
	30 September 2006	30 September 2005	30 September 2006	30 September 2005
C Brooks	-	-	-	-
L W N Camp	-	-	1,500	1,500
S J Chipperfield	-	-	-	-
P L Gordon	-	-	1,500	1,500
C J Hill	-	-	1,500	1,500
S Ingram	-	-	-	-
P B T Pybus	-	-	-	-
J Spooner	-	-	-	-
D Thomas	-	-	-	-
A Ellis	-	-	-	-
J Thomas	-	-	-	-

J Thomas and A Ellis were appointed as directors of the company on 25 October 2006

On 15 February 2006 M Lee resigned as director of the company, on 31 March 2006 N Patchitt resigned as director of the company, on 21 July 2006 R Bevacqua resigned as director of the company, on 29 September 2006 V Dalton resigned as director of the company and on 23 June 2006 E Adams resigned as director of the company

None of the directors exercised any share options in the period

The interests of Messrs S J Chipperfield, L W N Camp, R Pybus, S Ingram and P L Gordon in the ultimate parent company are shown in the directors report of Hill Murray Group Limited for the period ended 30 September 2006

Charitable contributions

During the year the company made charitable donations of £3845 (2005 £876)

cchm:ping Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



L W N Camp

Director

Dated

20/05/07

cchm:ping Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, 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 accounts 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 that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

cchm:ping Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of cchm ping Limited for the year ended 30 September 2006 set out on pages 6 to 17. These accounts have been prepared under the accounting policies set out on page 9.

This report is made solely to the company's members, 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 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

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are as described on page 2.

Our responsibility is to audit the accounts 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 accounts 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 accounts.

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. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- * the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its loss for the year then ended,
- * the accounts have been properly prepared in accordance with the Companies Act 1985, and
- * the information given in the Directors' Report is consistent with the accounts.


H W Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER

Dated 30/3/2007

cchm:ping Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £	2005 £
Turnover	2	8,047,039	8,262,666
Cost of sales		(2,483,055)	(2,542,267)
Gross profit		5,563,984	5,720,399
Administrative expenses		(5,918,896)	(5,239,258)
Operating (loss)/profit	3	(354,912)	481,141
Other income	6	17,259	21,949
Interest payable and similar charges	7	(1,418)	(534)
(Loss)/profit on ordinary activities before taxation		(339,071)	502,556
Tax on (loss)/profit on ordinary activities	8	44,894	(160,000)
(Loss)/profit on ordinary activities after taxation		(294,177)	342,556
Dividends	9	(100,000)	-
(Net deficit)/retained profit for the financial year		(394,177)	342,556
Retained profit brought forward		439,259	96,703
Retained profit carried forward		45,082	439,259

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

cchm:ping Limited

BALANCE SHEET

AS AT 30 SEPTEMBER 2006

	Notes	£	2006 £	£	2005 £
Fixed assets					
Tangible assets	10		120,675		162,190
Current assets					
Work in progress	11	94,567		350,796	
Debtors	12	1,761,772		1,787,367	
Cash at bank and in hand		590,970		707,302	
		2,447,309		2,845,465	
Creditors amounts falling due within one year	13	(2,477,847)		(2,500,259)	
Net current (liabilities)/assets			(30,538)		345,206
Total assets less current liabilities			90,137		507,396
Creditors amounts falling due after more than one year	14		(13,589)		(36,671)
Provisions for liabilities and charges	15		(11,764)		(11,764)
			64,784		458,961
Capital and reserves					
Called up share capital	17		19,702		19,702
Profit and loss account			45,082		439,259
Shareholders' funds - all equity interests	18		64,784		458,961

The accounts were approved by the Board on 30/09/07

L W N Camp
Director

CCHM:PING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £	2005 £
Net cash inflow/(outflow) from operating activities	19	126,413	(205,326)
Returns on investments and servicing of finance			
Interest received	17,259	21,949	
Interest element of hire purchase and finance lease rentals	(1,418)	(534)	
Net cash inflow from returns on investments and servicing of finance		15,841	21,415
Corporation tax		2,980	(68,210)
Capital expenditure			
Payments to acquire tangible fixed assets	(57,817)	(70,066)	
Net cash outflow from capital expenditure		(57,817)	(70,066)
Equity dividends paid		(100,000)	-
Net cash outflow before financing		(12,583)	(439,698)
Financing			
Capital element of hire purchase and finance lease rentals	(23,082)	59,753	
Net cash (outflow)/inflow from financing		(23,082)	59,753
Decrease in cash	20	(35,665)	(379,945)

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Turnover

Turnover represents the amount invoiced to clients, excluding sales taxes, for services provided to clients

Commissions are recognised when charges are made to clients, usually when advertisements appear in the media, or when production work is completed. Fees are recognised over the period of the relevant assignments or agreements

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold property	Depreciated over the length of the lease
Fixtures, fittings & equipment	33 1/3% per annum

1.4 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

1.5 Stock and work in progress

Work in progress is stated at the lower of cost and net realisable value

1.6 Pensions

The pension charge represents the employers' contribution to the employees' personal pension plans in respect of the period

1.7 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

cchm:ping Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

18 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating (loss)/profit	2006	2005
	£	£
Operating (loss)/profit is stated after charging		
Depreciation of owned tangible fixed assets	69,050	49,537
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	30,282	3,271
Operating lease rentals		
- Plant and machinery	8,020	47,228
Auditors' remuneration	9,000	8,500

4 Directors' emoluments	2006	2005
	£	£
Aggregate emoluments	1,171,987	1,384,289
Company contributions to defined contribution pension schemes	27,714	30,178
	1,199,701	1,414,467

Emoluments disclosed above include the following amounts paid to the highest paid director

Aggregate emoluments	146,421	185,737
Company contributions to defined contribution pension schemes	16,706	16,706

cchm:ping Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

5 Employees

Number of employees

The average monthly number of employees during the year was

	2006 Number	2005 Number
Production	46	46
Administration	9	9
	<u>55</u>	<u>55</u>

Employment costs

	£	£
Wages and salaries	2,841,974	2,869,381
Social security costs	312,535	327,948
Other pension costs	55,895	64,962
	<u>3,210,404</u>	<u>3,262,291</u>

6 Other income

	2006 £	2005 £
Interest receivable and similar income	<u>17,259</u>	<u>21,949</u>

7 Interest payable and similar charges

	2006 £	2005 £
Interest payable on Finance lease and hire purchase contracts	<u>1,418</u>	<u>534</u>

cchm:ping Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

8	Tax on (loss)/profit on ordinary activities	2006 £	2006 £	2005 £	2005 £
	Current tax				
	<u>UK corporation tax</u>				
	Current tax on income for the period	-		160,000	
	Adjustments in respect of prior periods	(44,894)		-	
			(44,894)		160,000
	Factors affecting the tax charge for the year				
	(Loss)/profit on ordinary activities before taxation		(339,071)		502,556
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2005 30.00%)		-		150,767
	Effects of				
	Expenses not deductible for tax purposes		-		38,000
	Capital allowances for period in excess of depreciation		-		(4,908)
	Adjustments to tax charge in respect of previous periods		(44,894)		-
	Other tax adjustments		-		(23,859)
	Current tax charge		(44,894)		160,000
9	Dividends			2006 £	2005 £
	Ordinary interim paid			100,000	-

cchm:ping Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

10 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 October 2005	84,423	230,774	315,197
Additions	4,866	52,951	57,817
At 30 September 2006	89,289	283,725	373,014
Depreciation			
At 1 October 2005	79,837	73,170	153,007
Charge for the year	4,412	94,920	99,332
At 30 September 2006	84,249	168,090	252,339
Net book value			
At 30 September 2006	5,040	115,635	120,675
At 30 September 2005	4,586	157,604	162,190

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £46,639 (2005 - £76,921) in respect of assets held under finance leases or hire purchase contracts

11 Work in Progress

	2006	2005
	£	£
Work in progress	94,567	350,796

12 Debtors

	2006	2005
	£	£
Trade debtors	1,474,341	1,558,819
Other debtors	95,388	99,644
Prepayments and accrued income	192,043	128,904
	1,761,772	1,787,367

cchm:ping Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

13 Creditors amounts falling due within one year	2006 £	2005 £
Bank overdrafts	300,007	380,674
Net obligations under finance lease and hire purchase contracts	23,082	23,082
Trade creditors	671,872	380,999
Amounts owed to group undertakings	576,001	576,001
Corporation tax	118,086	160,000
Other taxes and social security costs	244,493	230,309
Other creditors	91,627	20,930
Accruals and deferred income	452,679	728,264
	<u>2,477,847</u>	<u>2,500,259</u>

14 Creditors amounts falling due after more than one year	2006 £	2005 £
Net obligations under finance leases and hire purchase contracts	<u>13,589</u>	<u>36,671</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	23,082	23,082
Repayable between one and five years	13,589	36,671
	<u>36,671</u>	<u>59,753</u>
Included in liabilities falling due within one year	<u>(23,082)</u>	<u>(23,082)</u>
	<u>13,589</u>	<u>36,671</u>

15 Provisions for liabilities and charges

Deferred tax is provided at 30% (2005- 30%) analysed over the following timing differences

	2006 £	2005 £
Accelerated capital allowances	<u>11,764</u>	<u>11,764</u>

16 Pension costs

The pension cost charge represents contributions payable by the company to employees' personal pension plan

cchm:ping Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

17 Share capital	2006	2005
	£	£
Authorised		
2,100,000 Ordinary shares of 1p each	<u>21,000</u>	<u>21,000</u>
Allotted, called up and fully paid		
1,970,200 Ordinary shares of 1p each	<u>19,702</u>	<u>19,702</u>
 Share options		
At 30 September 2005, the following share options were outstanding in respect of ordinary shares		
Date of grant	Number of shares	Period of option
1 May 2001	10,500	May 2001 - September 2004
		Price per share
		50p
 18 Reconciliation of movements in shareholders' funds	£	£
(Loss)/profit for the financial year	(294,177)	342,556
Dividends	<u>(100,000)</u>	<u>-</u>
Net (depletion in)/addition to shareholders' funds	(394,177)	342,556
Opening shareholders' funds	<u>458,961</u>	<u>116,405</u>
Closing shareholders' funds	<u>64,784</u>	<u>458,961</u>
 19 Net cash inflow/(outflow) from operating activities	2006	2005
	£	£
Reconciliation to operating (loss)/profit		
Operating (loss)/profit	(354,912)	481,141
Depreciation of tangible fixed assets	99,332	52,808
Decrease/(increase) in stocks	256,229	(221,090)
Decrease/(increase) in debtors	25,595	(1,040,938)
Increase in creditors	<u>100,169</u>	<u>522,753</u>
	<u>126,413</u>	<u>(205,326)</u>

cchm:ping Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

20	Reconciliation of net cash flow to movement in net debt	2006 £	2005 £
	Decrease in cash	(35,665)	(379,945)
	Capital element of hire purchase and finance lease rentals	23,082	(59,753)
	Movement in net debt	(12,583)	(439,698)
	Net debt at 1 October 2005	266,875	706,573
	Net debt at 30 September 2006	254,292	266,875

21	Analysis of net debt	At 1 October 2005 £	Cash flow £	At 30 September 2006 £
	Cash at bank and in hand	707,302	(116,332)	590,970
	Bank overdrafts	(380,674)	80,667	(300,007)
			(35,665)	
	Hire purchase and finance leases	(59,753)	23,082	(36,671)
		266,875	(12,583)	254,292

22 Contingent liabilities

The company is party to a group value added tax registration and is therefore jointly and severally liable with all other registered companies in that group for the total value added tax liability. All known liabilities have been provided for at the year end.

The company has given a debenture to its bank giving a fixed and floating charge on all the assets of the company. No contingent liabilities are expected to mature.

The company has entered into a cross guarantee arrangement on behalf of the bank with Hill Murray Group Limited.

cchm:ping Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

23 Commitments under operating leases

At 30 September 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date				
Within one year	-	-	-	3,996
Between two and five years	284,750	239,330	21,577	17,940
	<u>284,750</u>	<u>239,330</u>	<u>21,577</u>	<u>21,936</u>

24 Controlling parties

At 30 September 2006 the company's ultimate parent company is Hill Murray Group Limited, a company incorporated in England

Copies of the consolidated financial statements of Hill Murray Group Limited are available from Companies House