

GABRIEL COMMUNICATIONS LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005



GABRIEL COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	CW Leach CBE DC Bould JA Kelly NT Condon WB Ayling
Secretary	DC Bould
Company number	2012469
Registered office	1st Floor St James's Buildings Oxford Street Manchester M1 6FP
Accountants	PKF (UK) LLP 5 Temple Square Temple Street Liverpool L2 5RH
Bankers	Natwest Bank plc 8 Park Row Leeds LS1 1QS

GABRIEL COMMUNICATIONS LIMITED

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GABRIEL COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and the financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company continued to be the publication and distribution of religious newspapers and magazines and selling advertising space therein.

Review of Business

Following the end of the financial year it has been agreed with the landlord of the office premises that the company will relocate to offices outside Manchester city centre. Whilst the company will incur some initial expenditure associated with the move, the result will be a significant reduction in future occupancy costs. The move is anticipated to take place towards the end of 2006.

Directors

The directors who served during the year were:

CW Leach CBE
DC Bould
JA Kelly
NT Condon
WB Ayling

CW Leach CBE, DC Bould, JA Kelly, NT Condon and WB Ayling have an interest in the share capital of the company through the ultimate parent undertaking, Daisyyellow Ltd.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on *20 September 2006* and signed on its behalf.


DC Bould
Secretary

GABRIEL COMMUNICATIONS LIMITED

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE
UNAUDITED FINANCIAL STATEMENTS OF GABRIEL COMMUNICATIONS LIMITED**

In accordance with the engagement letter dated 9 May 2006, and in order to assist you to fulfil your duties under the Companies Act 1995, we have compiled the financial statements of the company which comprise the profit and loss account, the balance sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the company's board of directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so, and state those matters that we have agreed to state to them in this 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 board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of the financial statements.

You have acknowledged on the balance sheet as at 31 December 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express an opinion on the financial statements.

PKF (UK) LLP

PKF (UK) LLP

Liverpool, UK

29 September 2006

GABRIEL COMMUNICATIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £	2004 £
TURNOVER	1,2	4,026,768	3,552,757
Cost of sales		(1,126,184)	(1,044,003)
		<hr/>	<hr/>
GROSS PROFIT		2,900,584	2,508,754
Administrative expenses		(2,789,714)	(2,459,235)
		<hr/>	<hr/>
OPERATING PROFIT	3	110,870	49,519
Interest payable		(31,739)	(41,969)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		79,131	7,550
TAX ON PROFIT ON ORDINARY ACTIVITIES		-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	79,131	7,550
		<hr/>	<hr/>

The notes on pages 5 to 9 form part of these financial statements.

GABRIEL COMMUNICATIONS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2005**

	Note	£	2005 £	£	2004 £
FIXED ASSETS					
Intangible fixed assets	5		794,277		842,032
Tangible fixed assets	6		118,115		73,894
			<u>912,392</u>		<u>915,926</u>
CURRENT ASSETS					
Debtors	7	520,593		495,296	
Cash at bank and in hand		23,541		19,172	
		<u>544,134</u>		<u>514,468</u>	
CREDITORS: amounts falling due within one year	8	(1,054,937)		(872,936)	
NET CURRENT LIABILITIES			<u>(510,803)</u>		<u>(358,468)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			401,589		557,458
CREDITORS: amounts falling due after more than one year	9		(180,000)		(415,000)
NET ASSETS			<u>221,589</u>		<u>142,458</u>
CAPITAL AND RESERVES					
Called up share capital	10		15,910		15,910
Share premium account	11		1,244,304		1,244,304
Profit and loss account	11		(1,038,625)		(1,117,756)
SHAREHOLDERS' FUNDS			<u>221,589</u>		<u>142,458</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2) of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2005 and of its profit for the year then ended in accordance with the requirements of section 226 of the Act and which otherwise comply with the requirements of the Companies Act 1985 relating to the financial statements so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

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

20 September 2006

DC Bould
Director



The notes on pages 5 to 9 form part of these financial statements.

GABRIEL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

1.1 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 January 2005).

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	5%	straight line
Trademarks	-	10%	straight line

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	10%	straight line
Furniture, fittings and equipment	-	20-33%	straight line
Other fixed assets	-	20-33%	straight line

1.5 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 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 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.

GABRIEL COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. ACCOUNTING POLICIES (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

2.3% of the company's turnover (2004 - 2.3%) is attributable to geographical markets outside the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2005	2004
	£	£
Amortisation - intangible fixed assets	47,755	47,756
Depreciation of tangible fixed assets: - owned by the company	34,499	44,519

4. DIRECTORS' REMUNERATION

	2005	2004
	£	£
Aggregate emoluments	184,189	180,451

GABRIEL COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

5. INTANGIBLE FIXED ASSETS

	Patents and trademarks £	Goodwill £	Total £
Cost			
At 1 January 2005 and 31 December 2005	13,214	1,230,048	1,243,262
Amortisation			
At 1 January 2005	7,931	393,299	401,230
Charge for the year	1,321	46,434	47,755
At 31 December 2005	9,252	439,733	448,985
Net book value			
At 31 December 2005	3,962	790,315	794,277
At 31 December 2004	5,283	836,749	842,032

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Furniture, fittings and equipment £	Other fixed assets £	Total £
Cost				
At 1 January 2005	473,923	179,732	108,373	762,028
Additions	58,866	19,854	-	78,720
At 31 December 2005	532,789	199,586	108,373	840,748
Depreciation				
At 1 January 2005	413,613	166,148	108,373	688,134
Charge for the year	25,930	8,569	-	34,499
At 31 December 2005	439,543	174,717	108,373	722,633
Net book value				
At 31 December 2005	93,246	24,869	-	118,115
At 31 December 2004	60,310	13,584	-	73,894

7. DEBTORS

	2005 £	2004 £
Trade debtors	384,883	371,336
Other debtors	135,710	123,960
	520,593	495,296

GABRIEL COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

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

	2005 £	2004 £
Bank loans and overdrafts	333,681	296,986
Trade creditors	451,476	330,066
Amounts owed to group undertakings	29,252	77,222
Social security and other taxes	34,044	30,739
Other creditors	206,484	137,923
	<u>1,054,937</u>	<u>872,936</u>

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

	2005 £	2004 £
Bank loans	180,000	415,000

The loan is being repaid at the rate of £60,000 per year, with interest being charged at 0.75% over base rate.

10. SHARE CAPITAL

	2005 £	2004 £
Authorised		
200,000,000 Ordinary shares shares of 1p each	2,000,000	2,000,000
70,000,000 3% cumulative preference shares shares of 1p each	700,000	700,000
	<u>2,700,000</u>	<u>2,700,000</u>
Allotted, called up and fully paid		
1,319,624 Ordinary shares shares of 1p each	13,196	13,196
271,350 3% cumulative preference shares shares of 1p each	2,714	2,714
	<u>15,910</u>	<u>15,910</u>

GABRIEL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

11. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2005	1,244,304	(1,117,756)
Profit retained for the year		79,131
At 31 December 2005	<u>1,244,304</u>	<u>(1,038,625)</u>

12. CONTINGENT LIABILITIES

The company entered into an unlimited cross guarantee dated 1 May 2001 with the bank to secure the borrowings of its holding company.

13. RELATED PARTY TRANSACTIONS

Included within creditors is £29,252 (2004 - £77,222) due to Daisyyellow Limited, the parent company. During the period Gabriel Communications paid expenses of £29 (2004 - £37) on behalf of Daisyyellow Limited and repaid £48,000 (2004 - £23,650) of the loan balance due to the parent company.

14. POST BALANCE SHEET EVENTS

Following the end of the financial year it has been agreed with the landlord of the office premises that the company will relocate to offices outside Manchester city centre. Whilst the company will incur some initial expenditure associated with the move, the result will be a significant reduction in future occupancy costs. The move is anticipated to take place towards the end of 2006.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Daisyyellow Limited.

In the opinion of the directors this is the company's ultimate parent company.

Daisyyellow Limited is ultimately controlled by Mr CW Leach CBE through his controlling interest in the share capital of this company.