

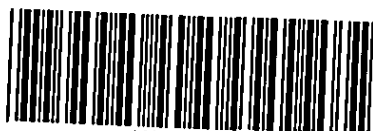
GABRIEL COMMUNICATIONS LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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COMPANIES HOUSE

GABRIEL COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors

CW Leach CBE
DC Bould
JA Kelly
NT Condon
WB Ayling (resigned 30 June 2008)
AE Murphy (appointed 1 December 2008)

Company secretary

DC Bould

Company number

2012469

Registered office

Fourth Floor
Landmark House
Station Road
Cheadle Hulme
SK8 7JH

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 2008**

The directors present their report and the financial statements for the year ended 31 December 2008.

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.

Directors

The directors who served during the year were:

CW Leach CBE

DC Bould

JA Kelly

NT Condon

WB Ayling (resigned 30 June 2008)

AE Murphy (appointed 1 December 2008)

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

17th June 2009

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 1985 we have compiled the financial statements of the company for the year ended 31 December 2008, which comprise the primary financial statements such as 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'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 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 any opinion on the financial statements.

PKF(UK) LLP

PKF (UK) LLP

Liverpool, UK

26 June 2009

GABRIEL COMMUNICATIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
TURNOVER	1,2	3,455,161	3,549,815
Cost of sales		<u>(1,077,611)</u>	<u>(1,091,949)</u>
GROSS PROFIT		2,377,550	2,457,866
Administrative expenses		<u>(2,368,818)</u>	<u>(2,399,071)</u>
OPERATING PROFIT	3	8,732	58,795
Interest payable		<u>(25,387)</u>	<u>(32,322)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(16,655)	26,473
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	12	<u>(16,655)</u>	<u>26,473</u>

The notes on pages 6 to 12 form part of these financial statements.

GABRIEL COMMUNICATIONS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Intangible fixed assets	6		654,487		701,895
Tangible fixed assets	7		144,262		184,042
			798,749		885,937
CURRENT ASSETS					
Debtors	8	499,998		630,210	
Cash at bank and in hand		19,307		3,231	
		519,305		633,441	
CREDITORS: amounts falling due within one year	9	(823,821)		(1,179,925)	
NET CURRENT LIABILITIES			(304,516)		(546,484)
TOTAL ASSETS LESS CURRENT LIABILITIES			494,233		339,453
CREDITORS: amounts falling due after more than one year	10		(262,000)		(90,565)
NET ASSETS			232,233		248,888
CAPITAL AND RESERVES					
Called up share capital	11		15,910		15,910
Share premium account	12		1,244,304		1,244,304
Profit and loss account	12		(1,027,981)		(1,011,326)
SHAREHOLDERS' FUNDS			232,233		248,888

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 2008 and of its loss 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 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

GABRIEL COMMUNICATIONS LIMITED

BALANCE SHEET (continued)
AS AT 31 DECEMBER 2008

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

17 June 2009.


DC Bouda
Director

The notes on pages 6 to 12 form part of these financial statements.

GABRIEL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2007).

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
Fixtures & fittings	-	20-33%	straight line
Computer equipment	-	33%	straight line
Other fixed assets	-	20-33%	straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 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.

GABRIEL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 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.

1.9 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 (2007 - 3.4%) is attributable to geographical markets outside the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2008 £	2007 £
Amortisation - intangible fixed assets	46,433	46,434
Depreciation of tangible fixed assets:		
- owned by the company	52,102	52,393
Director pension costs	3,463	6,565
Operating lease rentals:		
Computer equipment	7,926	7,926
Motor vehicles	24,706	23,186
Plant and machinery	15,671	13,205
Land and buildings	83,280	79,472

GABRIEL COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

4. DIRECTORS' REMUNERATION

	2008 £	2007 £
Aggregate emoluments	<u>127,408</u>	<u>158,227</u>

During the year retirement benefits were accruing to 2 directors (2007 - 2) in respect of money purchase pension schemes.

5. TAXATION

There is no tax liability in respect of the results of the year due to the incidence of tax losses. At 31 December 2008 there were unused losses of £426,078 (2007: £474,000). No deferred tax assets in respect of these losses has been included in the accounts because of uncertainty as to whether or not they will be utilised in the future.

6. INTANGIBLE FIXED ASSETS

	Patents and trademarks £	Goodwill £	Total £
Cost			
At 1 January 2008 and 31 December 2008	<u>16,449</u>	<u>1,230,048</u>	<u>1,246,497</u>
Amortisation			
At 1 January 2008	12,001	532,601	544,602
Charge for the year	975	46,433	47,408
At 31 December 2008	<u>12,976</u>	<u>579,034</u>	<u>592,010</u>
Net book value			
At 31 December 2008	<u>3,473</u>	<u>651,014</u>	<u>654,487</u>
At 31 December 2007	<u>4,448</u>	<u>697,447</u>	<u>701,895</u>

GABRIEL COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2008	186,922	274,410	461,332
Additions	7,192	4,149	11,341
	<u>194,114</u>	<u>278,559</u>	<u>472,673</u>
At 31 December 2008			
Depreciation			
At 1 January 2008	119,547	157,743	277,290
Charge for the year	26,479	24,642	51,121
	<u>146,026</u>	<u>182,385</u>	<u>328,411</u>
At 31 December 2008			
Net book value			
At 31 December 2008	<u>48,088</u>	<u>96,174</u>	<u>144,262</u>
At 31 December 2007	<u>67,375</u>	<u>116,667</u>	<u>184,042</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2008 £	2007 £
Plant and machinery	5,448	7,264
Furniture, fittings and equipment	45,781	51,504
	<u>51,229</u>	<u>58,768</u>

8. DEBTORS

	2008 £	2007 £
Trade debtors	339,510	438,206
Other debtors	160,488	192,004
	<u>499,998</u>	<u>630,210</u>

GABRIEL COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

9. CREDITORS:
Amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	185,625	450,232
Net obligations under finance leases and hire purchase contracts	507	31,658
Trade creditors	414,016	424,957
Amounts owed to group undertakings	6,752	6,752
Social security and other taxes	33,219	41,170
Other creditors	183,702	225,156
	<u>823,821</u>	<u>1,179,925</u>

The bank overdraft is secured by a fixed and floating charge over the company's assets, and a personal guarantee from Mr C W Leach.

10. CREDITORS:
Amounts falling due after more than one year

	2008 £	2007 £
Bank loans	242,000	60,000
Net obligations under finance leases and hire purchase contracts	-	565
Other creditors	20,000	30,000
	<u>262,000</u>	<u>90,565</u>

The bank loan is secured by a fixed and floating charge over the company's assets and a personal guarantee from Mr C W Leach.

During the year the company agreed with its bankers to convert £230,000 of its overdraft facility into a long term loan. Repayment of this, and the existing loan will be £58,000 in 2009 and at a rate of £60,000 per year subsequently. Interest is charged at 1.75% over base rate.

GABRIEL COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

11. SHARE CAPITAL

	2008 £	2007 £
Authorised		
200,000,000 Ordinary 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 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>

The cumulative unpaid dividends on the preference shares are £915 (2007 - £834). No provision has been included in the accounts as funds are not available for distribution.

12. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2008	1,244,304	(1,011,326)
Loss for the year		(16,655)
	<u>1,244,304</u>	<u>(1,027,981)</u>
At 31 December 2008		

13. 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.

14. OPERATING LEASE COMMITMENTS

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
Expiry date:		
Within 1 year	16,402	4,414
Between 2 and 5 years	33,637	47,477
After more than 5 years	<u>65,104</u>	<u>65,104</u>

GABRIEL COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

15. RELATED PARTY TRANSACTIONS

Included within creditors is £6,752 (2007 - £6,752) due to Daisyyellow Limited, the parent company. During the period Gabriel Communications paid expenses of £Nil (2007 - £130) on behalf of Daisyyellow Limited and repaid £Nil (2007 - £4,500) of the loan balance due to the parent company.

16. 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.