

Company Registration No. ~~3213442~~ (England and Wales)

3140767

**LEC COMMUNICATIONS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**COMPANY INFORMATION**

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**Directors**                      M R Lane  
                                        D J Earl  
                                        D P Ruback  
                                        C A Wood  
                                        P D Trueman

**Secretary**                      D P Ruback

**Company number**              3140767 - Registered in England and Wales

**Registered office**              5th Floor,  
                                        71 Kingsway,  
                                        London, WC2B 6ST

**Auditors**                        Wilson Wright & Co ,  
                                        Chartered Accountants,  
                                        71 Kingsway,  
                                        London, WC2B 6ST

**Bankers**                         Barclays Bank plc

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# LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES

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**LEC COMMUNICATIONS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors present their annual report and the financial statements for the year ended 31 December 2007

**Principal activity and review of business**

The Group's principal activity is the operation of advertising agencies and the provision of marketing services

A summary of the results of the year's trading is given on page 5 of the financial statements

The directors consider the operating profit and the state of affairs of the Group to be satisfactory

**Subsequent events and future developments**

There have not been any important post balance sheet events nor are there any major plans for future development

**Directors**

The following directors have held office since 1 January 2007

M R Lane

D J Earl

P Cox (deceased 13 February 2007)

D P Ruback

B Emsell (resigned 14 April 2008)

C A Wood

**Directors' responsibilities**

The directors are obliged under company law to prepare financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year

The financial statements, of which the form and content is prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year, and of the profit or loss for that period, and they must comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements. The directors must prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. The directors are also responsible for the adoption of suitable accounting policies, their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

The directors confirm that the above requirements have been complied with in the financial statements

In addition, the directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and of the Group and to prevent and detect fraud or any other irregularities

**LEC COMMUNICATIONS LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

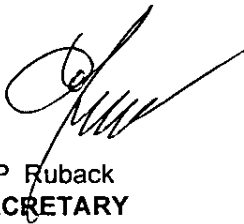
**Auditors**

The auditors, Wilson Wright & Co, will be re-appointed in accordance with Section 385(2) of the Companies Act 1985.

**Small company exemptions**

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

**BY ORDER OF THE BOARD**



D P Ruback  
**SECRETARY**

Date 23/5/08

**LEC COMMUNICATIONS LIMITED  
INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF LEC COMMUNICATIONS LIMITED**

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We have audited the group and parent company financial statements of LEC Communications Limited for the year ended 31 December 2007 on pages 5 to 15. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditors**

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. 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 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 financial statements 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 financial statements.

**LEC COMMUNICATIONS LIMITED**  
**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF LEC COMMUNICATIONS LIMITED**

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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the group's and the company's affairs as at 31 December 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

  
Wilson Wright & Co.,

Chartered Accountants  
and Registered Auditors,  
71 Kingsway  
London, WC2B 6ST

DATE 26th JUNE 2008

**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007	2006
		£	£
<b>Turnover</b>	<b>2</b>	4,839,384	5,478,642
<b>Cost of sales</b>		<u>3,027,442</u>	<u>3,276,986</u>
<b>Gross profit</b>		1,811,942	2,201,656
 Distribution and marketing costs		 262,371	 186,463
 Administrative and establishment expenses		 <u>1,442,424</u>	 <u>1,470,939</u>
		<u>1,704,795</u>	<u>1,657,402</u>
<b>Operating profit</b>	<b>3</b>	107,147	544,254
 Share of loss of associated undertaking	<b>7</b>	 (352)	 (4,123)
Interest receivable		<u>75,843</u>	<u>47,132</u>
		<u>75,491</u>	<u>43,009</u>
<b>Profit on ordinary activities before taxation</b>		182,638	587,263
 Tax on profit on ordinary activities	<b>5</b>	 <u>44,159</u>	 <u>170,308</u>
<b>Profit on ordinary activities after taxation</b>		138,479	416,955
 Equity minority interests	<b>12</b>	 <u>(4,558)</u>	 <u>55,114</u>
<b>Profit for the financial year</b>	<b>4 / 11</b>	<u><u>143,037</u></u>	<u><u>361,841</u></u>



**LEC COMMUNICATIONS LIMITED**  
**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007**

	Notes	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6	46,987		76,388	
Investment	7	19,382		19,734	
		<u>66,369</u>		<u>96,122</u>	
<b>Current assets</b>					
Debtors	8	1,893,219	1,204,650		
Cash at bank		<u>1,657,271</u>	<u>2,043,651</u>		
		3,550,490	3,248,301		
<b>Current liabilities</b>					
Creditors amounts falling due within one year	9	<u>1,465,356</u>	<u>1,331,399</u>		
<b>Net current assets</b>			<u>2,085,134</u>		<u>1,916,902</u>
<b>Total assets less current liabilities</b>			<u><u>2,151,503</u></u>		<u><u>2,013,024</u></u>
<b>Capital and reserves</b>					
Called up share capital	10	9,000	9,000		
Profit and loss account	11	<u>2,076,193</u>	<u>1,933,156</u>		
<b>Equity shareholders' funds</b>			2,085,193		1,942,156
Equity minority interests	12	<u>66,310</u>	<u>70,868</u>		
		<u><u>2,151,503</u></u>	<u><u>2,013,024</u></u>		

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

**Approved by the Board and  
authorised for issue**

Director: M R Lane



Date:

30/5/08

**LEC COMMUNICATIONS LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 2007**

	Notes	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Investments	7		9,242		9,242
<b>Current assets</b>					
Debtors	8	453,060		522,549	
Cash at bank		<u>528,542</u>		<u>552,312</u>	
		981,602		1,074,861	
<b>Current liabilities</b>					
Creditors amounts falling due within one year	9	<u>94,200</u>		<u>532,977</u>	
<b>Net current assets</b>			<u>887,402</u>		<u>541,884</u>
<b>Total assets less current liabilities</b>			<u><u>896,644</u></u>		<u><u>551,126</u></u>
<b>Capital and reserves</b>					
Called up share capital	10		9,000		9,000
Profit and loss account			<u>887,644</u>		<u>542,126</u>
<b>Equity shareholders' funds</b>			<u><u>896,644</u></u>		<u><u>551,126</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

**Approved by the Board and  
authorised for issue**

Director: M R Lane



Date:

30/5/08

**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>2007</b>		<b>2006</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>		<b>(273,257)</b>		<b>383,932</b>
Returns on investments and servicing of finance				
Interest received	75,694		42,099	
Dividend paid to minority	<u>-</u>		<u>(60,000)</u>	
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>75,694</b>		<b>(17,901)</b>
<b>Taxation</b>		<b>(183,770)</b>		<b>(45,531)</b>
Capital expenditure				
Purchase of tangible fixed assets	<u>(5,047)</u>		<u>(52,366)</u>	
<b>Net cash outflow from capital expenditure</b>		<b>(5,047)</b>		<b>(52,366)</b>
<b>Decrease/increase in cash in the year</b>		<b><u>(386,380)</u></b>		<b><u>268,134</u></b>

**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**1 Reconciliation of operating profit to net cash inflow from operating activities**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating profit	107,147	544,254
Depreciation	34,448	37,737
Increase in debtors	(695,920)	(94,181)
Increase/decrease in creditors	<u>281,068</u>	<u>(103,878)</u>
<b>Net cash outflow/inflow from operating activities</b>	<b><u>(273,257)</u></b>	<b><u>383,932</u></b>

**2 Analysis of net funds**

	<b>1.1 2007</b>	<b>Cash Flow</b>	<b>31.12.2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank	<u>2,043,651</u>	<u>(386,380)</u>	<u>1,657,271</u>

**3 Reconciliation of net cash flow to movement in net funds**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Decrease/increase in cash in the year	(386,380)	268,134
Opening net funds	<u>2,043,651</u>	<u>1,775,517</u>
<b>Closing net funds</b>	<b><u>1,657,271</u></b>	<b><u>2,043,651</u></b>

**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**1 Accounting Policies**

**1.1 Basis of accounting**

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 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently

**1.3 Basis of consolidation**

The Group financial statements include the audited accounts of the Company and of its subsidiary undertakings drawn up to 31 December 2007. Profits or losses on intra-group transactions are eliminated in full.

The results of the subsidiaries are consolidated from their effective date of acquisition until their effective date of disposal.

**1.4 Turnover**

Turnover represents net invoiced fees and recharged expenses, excluding value added tax.

**1.5 Investments**

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

**1.6 Tangible fixed assets**

Depreciation is provided on a straight line basis at the following annual rates in order to write off each asset over its estimated useful life:

Furniture, fixtures and equipment	- 20% / 33 1/3%
Motor vehicles	- 25%

**1.7 Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised when 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 balances are not discounted.

**1.8 Operating leases**

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

**1.9 Pensions**

The Group contributes to a defined contribution pension scheme. The contributions are charged to the profit and loss account in the year to which they relate.

**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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<b>2</b>	<b>Turnover</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	An analysis of turnover is as follows		
	United Kingdom	3,375,568	4,507,437
	Overseas	<u>1,463,816</u>	<u>971,205</u>
		<u><u>4,839,384</u></u>	<u><u>5,478,642</u></u>

<b>3</b>	<b>Operating profit</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	The operating profit is stated after charging		
	Directors' emoluments	453,994	494,972
	Depreciation of tangible fixed assets	34,448	37,737
	Auditors' remuneration	<u>15,300</u>	<u>14,800</u>
	and after crediting		
	Assignment of business contracts	<u><u>30,000</u></u>	<u><u>25,000</u></u>

Retirement benefits are accruing for one director under a defined contribution pension scheme

**4 Profit for the financial year**

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The Group profit for the financial year includes £345,518 (2006 - £339,330) which is dealt with in the financial statements of the Company.

<b>5</b>	<b>Taxation</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	UK corporation tax	38,222	184,500
	Adjustment to previous years	<u>(1,563)</u>	<u>(1,192)</u>
	Current tax charge	36,659	183,308
	Deferred tax	<u>7,500</u>	<u>(13,000)</u>
		<u><u>44,159</u></u>	<u><u>170,308</u></u>

**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>6</b>	<b>Tangible fixed assets</b>	<b>Furniture, fixtures and equipment</b>
	<b>Group</b>	<b>£</b>
	<b>Cost</b>	
	At 1 January 2007	368,199
	Additions	5,047
	At 31 December 2007	<u>373,246</u>
	<b>Depreciation</b>	
	At 1 January 2007	291,811
	Charge for the year	34,448
	At 31 December 2007	<u>326,259</u>
	<b>Net book values</b>	
	At 31 December 2007	<u>46,987</u>
	At 31 December 2006	<u>76,388</u>

<b>7</b>	<b>Fixed asset investments</b>	<b>Interest in associated undertaking</b>
	<b>Group</b>	<b>£</b>
<b>7.1</b>	<b>Investment</b>	
	At 1 January 2007	19,734
	Share of loss after taxation	(352)
	At 31 December 2007	<u>19,382</u>

	<b>Shares in group undertakings</b>	<b>Shares in associated undertaking</b>	<b>Total</b>
<b>Company</b>			<b>£</b>
<b>7.2</b>			
<b>Cost</b>			
At 1 January 2007 & 31 December 2007	<u>9,142</u>	<u>100</u>	<u>9,242</u>

**7.3** The company's subsidiaries and associate, all operating in the United Kingdom, are -

<b>Name of company</b>	<b>Class</b>	<b>Shares held %</b>	<b>Nature of business</b>
Lane, Earl & Cox Advertising Limited	Ordinary	100	Advertising agents
Leavold Pollard Bardsley Limited	Ordinary 'A' and 'B'	100	Advertising agents
Athena Medical PR Limited	Ordinary 'A'	85	Marketing services
Pathfinder ICS Limited	Ordinary	33	Marketing services

**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

8	Debtors	Group		Company	
		2007	2006	2007	2006
		£	£	£	£
	Amounts falling due within one year				
	Trade debtors	1,375,423	737,615	-	-
	Amounts owed by subsidiary undertakings	-	-	440,131	495,398
	Amounts owed by associated undertaking	4,457	1,834	4,457	1,834
	Deferred tax	5,500	13,000	-	13,000
	Other debtors	507,839	452,201	8,472	12,317
		<u>1,893,219</u>	<u>1,204,650</u>	<u>453,060</u>	<u>522,549</u>

Deferred tax comprises short term timing differences

9	Creditors	Group		Company	
		2007	2006	2007	2006
		£	£	£	£
	Amounts falling due within one year				
	Trade creditors	282,562	245,680	12,964	7,572
	Amounts owed to subsidiary undertaking	-	-	4,572	287,769
	Amounts owed to associated undertaking	-	-	-	-
	Corporation tax	38,618	185,729	1,046	14,500
	Social security and other taxes	238,345	251,738	60,222	62,179
	Other creditors	905,831	648,252	15,396	160,957
		<u>1,465,356</u>	<u>1,331,399</u>	<u>94,200</u>	<u>532,977</u>



**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>10</b>	<b>Called up share capital</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	6,750 ordinary 'A' shares of £1 each	6,750	6,750
	3,250 ordinary 'B' shares of £1 each	3,250	3,250
		<u>10,000</u>	<u>10,000</u>

**Allotted, called up and fully paid**

6,750 ordinary 'A' shares of £1 each	6,750	6,750
2,250 ordinary 'B' shares of £1 each	2,250	2,250
	<u>9,000</u>	<u>9,000</u>

All the ordinary shares in the company, notwithstanding the division into separate classes, rank pari passu in all material respects except for the entitlement to participate in dividends

<b>11</b>	<b>Statement of movements on reserves</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Profit and loss account		
	At 1 January 2007	1,933,156	1,571,315
	Profit for the financial year	143,037	361,841
	At 31 December 2007	<u>2,076,193</u>	<u>1,933,156</u>

<b>12</b>	<b>Minority interests</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	At 1 January 2007	70,868	75,754
	Retained loss/profit for year	(4,558)	55,114
		<u>66,310</u>	<u>130,868</u>
	Distribution to minority	-	(60,000)
	At 31 December 2007	<u>66,310</u>	<u>70,868</u>

**LEC COMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**13 Financial commitments**

At 31 December 2007 the Group had annual commitments under non-cancellable operating leases as follows

	2007	2006
	£	£
Operating leases which expire		
Within one year	15,300	24,768
Within two to five years	<u>110,941</u>	<u>108,268</u>
	<u>126,241</u>	<u>133,036</u>

**14 Pension costs**

The Group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £33,840 (2006 - £103,639). At 31 December 2007 outstanding contributions totalling £nil (2006 - £69,799) were payable.

**15 Related party disclosures**

**Transactions**

Turnover includes £30,000 (2006 - £25,000) receivable from BMP DDB Limited in respect of the assignment of business contracts. BMP DDB Limited is a wholly owned subsidiary of DAS Europe Limited, which owns 25% of the issued share capital of the Company.

**16 Post balance sheet events**

Subsequent to the balance sheet date, a dividend in respect of the year ended 31 December 2007 amounting to £400,000 was declared.