

Company Registration Number 3777924

Farm Communications Limited

Financial Statements

31st December 2006

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FARM COMMUNICATIONS LIMITED

The Directors' Report

Year ended 31st December 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2006

Principal activities

The principal activity of the company was that of media advertising until 31st May 2006 when the shares were sold to Cello Group plc and the company ceased trading

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Ordinary Shares of £1 each	
	At 31 December 2006	At 1 January 2006
R B Smith	-	271
P Jeffrey	-	271
O Lee	-	145
M McLauchlan (resigned 30 June 2006)	-	-
G M Skinner (appointed 30 June 2006)	-	-
J S Rowley (appointed 30 June 2006)	-	-

Directors' interests in the ultimate parent company are as follows

	At 31 December 2006	At 1 January 2006
J S Rowley (appointed 30 June 2006)	329,103	329,103

Donations

During the year the company made charitable contributions of nil (2005 £1,250)

Auditor

CLB Coopers resigned as auditors on 23 June 2006, at which point the company appointed Baker Tilly as auditors. The Directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue on office.

Statement as to disclosure of information to auditors


The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Small company provisions

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

Approved by the directors on 29/10/2007

Director



FARM COMMUNICATIONS LIMITED

Directors' Responsibilities in the Preparation of the Financial Statements

Year ended 31st December 2006

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable and Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year, which 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

FARM COMMUNICATIONS LIMITED

Independent Auditor's Report to the Shareholders

Year ended 31st December 2006

We have audited the financial statements on pages 5 to 12

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 directors and auditors

The directors' responsibilities for preparing the Annual Report and 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

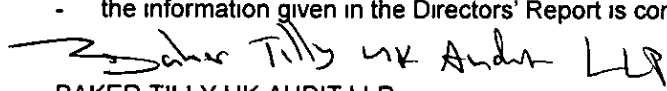
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2006 and of its loss for the year then ended and 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.


BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh, EH3 9QG

Date 29 October 2007

FARM COMMUNICATIONS LIMITED

Profit and Loss Account

Year ended 31st December 2006

	Note	2006 £	2005 £
Turnover		903,636	2,738,584
Cost of sales		330,170	1,143,197
Gross profit		573,466	1,595,387
Administrative expenses		899,025	1,789,172
Other operating income		(38,750)	(163,455)
Operating (loss)	2	(286,809)	(30,330)
Income from shares in group undertakings	4	-	30,000
Interest receivable		112	604
Interest payable and similar charges		(901)	(1,441)
(Loss) on ordinary activities before taxation		(287,598)	(1,167)
Tax on (loss) on ordinary activities	5	(1,392)	4,143
(Loss)/profit for the financial year		(288,990)	2,976

The operating loss for the year arises from discontinued operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

The notes on pages 7 to 12 form part of these financial statements.

FARM COMMUNICATIONS LIMITED

Balance Sheet

31st December 2006

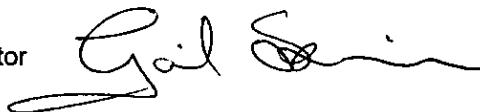
	Note	2006 £	2005 £
Fixed assets			
Tangible assets	6	-	74,864
Investments	7	-	2
		<u>-</u>	<u>74,866</u>
Current assets			
Debtors	8	132,926	737,622
Cash at bank and in hand		81,750	46,145
		<u>214,676</u>	<u>783,767</u>
Creditors: Amounts falling due within one year	9	<u>435,085</u>	<u>757,935</u>
Net current (liabilities)/assets		<u>(220,409)</u>	<u>25,832</u>
Total assets less current liabilities		<u>(220,409)</u>	<u>100,698</u>
Creditors: Amounts falling due after more than one year	10	-	27,910
		<u>(220,409)</u>	<u>72,788</u>
Provisions for liabilities			
Deferred taxation	11	-	4,207
		<u>(220,409)</u>	<u>68,581</u>
Capital and reserves			
Called-up equity share capital	13	875	875
Other reserves	14	22	22
Profit and loss account	15	(221,306)	67,684
(Deficiency of assets)/shareholders' funds		<u>(220,409)</u>	<u>68,581</u>

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

These financial statements were approved, signed and authorised for issue by the Directors on

29th October 2007

Director



The notes on page 6 form part of these financial statements.

FARM COMMUNICATIONS LIMITED

Notes to the Financial Statements

Year ended 31st December 2006

1. Accounting policies

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 2005)

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Going concern

The financial statements show a deficiency of assets of £220,409, including £371,877 due to The Leith Agency Limited. The company has received confirmation from The Leith Agency Limited that they will continue to support the company's financial requirements for working capital, therefore the going concern basis of accounts preparation remains appropriate.

Turnover

Turnover shown in the profit and loss account is recognised when it is earned, being amounts invoiced in relation to contracts completed during the year, exclusive of value added tax. Production costs are released in line with turnover.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	over the length of the lease
Fixtures & Fittings	-	over 7 years
Equipment	-	over 4 years

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

FARM COMMUNICATIONS LIMITED

Notes to the Financial Statements

Year ended 31st December 2006

1 Accounting policies *(continued)*

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

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

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Operating loss

Operating loss is stated after charging

	2006 £	2005 £
Depreciation of owned fixed assets	18,818	44,010
Loss on disposal of fixed assets	-	124
Auditor's fees	-	4,550
Net loss on foreign currency translation	-	9

3. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006 £	2005 £
Aggregate emoluments	-	311,685

4 Income from shares in group undertakings

	2006 £	2005 £
Income from group undertakings	-	30,000

FARM COMMUNICATIONS LIMITED

Notes to the Financial Statements

Year ended 31st December 2006

5. Taxation on ordinary activities

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year at 19% (2004 - 20 07%)	-	-
Over/under provision in prior year	(5,599)	(2,977)
Total current tax	(5,599)	(2,977)
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	4,207	(1,166)
Tax on (loss)/profit on ordinary activities	(1,392)	(4,143)

6 Tangible fixed assets

	Leasehold Imp'ts £	Fixtures & Fittings £	Computer equipment £	Total £
Cost				
At 1st January 2006	67,859	28,336	114,017	210,212
Additions			5,741	5,741
Disposals	(67,859)	-	-	(67,859)
Transfers to Group	-	(28,336)	(119,758)	(148,094)
At 31st December 2006	-	-	-	-
Depreciation				
At 1st January 2006	43,693	12,333	79,322	135,348
Charge for the year	10,936	1,710	6,172	18,818
Disposals	(54,629)	-	-	(54,629)
Transfers to Group	-	(14,043)	(85,494)	(99,537)
At 31st December 2006	-	-	-	-
Net book value				
At 31st December 2006	-	-	-	-
At 31st December 2005	24,166	16,003	34,695	74,864

FARM COMMUNICATIONS LIMITED

Notes to the Financial Statements

Year ended 31st December 2006

7 Investments

Shares in group undertakings

	£
Cost and net book value	
At 1st January 2006	2
Amount written off	(2)
At 31st December 2006	<u>-</u>

Subsidiary undertaking	Country of registration or incorporation	Shares held %	Class	Nature of business
Mightyblast Ltd	UK	100%	Ordinary	Design Company

The aggregate amount of capital and reserves and the results of this company for the last relevant financial year were as follows

Capital and reserves	£18,220
Profit for the year	£18,011

8. Debtors

	2006 £	2005 £
Trade debtors	104,017	495,422
Corporation tax repayable	-	5,599
Amounts due from group companies	2,316	63,430
VAT	13,960	-
Other debtors	1,564	103,630
Prepayments and accrued income	11,069	69,541
	<u>132,926</u>	<u>737,622</u>

9. Creditors Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	-	52,000
Trade creditors	19,301	296,006
Amounts owed to group companies	385,238	2,236
Corporation tax	-	-
PAYE and social security	-	47,736
VAT	-	81,337
Other creditors	546	2
Accruals and deferred income	30,000	278,618
	<u>435,085</u>	<u>757,935</u>

FARM COMMUNICATIONS LIMITED

Notes to the Financial Statements

Year ended 31st December 2006

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

	2006 £	2005 £
Other creditors including Directors loan accounts	<u>-</u>	<u>27,910</u>

11 Deferred taxation

The movement in the deferred taxation provision during the year was

	2006 £	2005 £
Provision brought forward	4,207	5,373
Profit and loss account movement arising during the year	<u>(4,207)</u>	<u>(1,166)</u>
Provision carried forward	<u>-</u>	<u>4,207</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>5,373</u>
	<u>-</u>	<u>5,373</u>

12. Commitments under operating leases

At 31st December 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2006 £	2005 £
Operating leases which expire		
Within 1 year	-	68,240
Within 2 to 5 years	<u>-</u>	<u>14,470</u>
	<u>-</u>	<u>82,710</u>

FARM COMMUNICATIONS LIMITED

Notes to the Financial Statements

Year ended 31st December 2006

13. Share capital

Authorised share capital:

	2006 £	2005 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>875</u>	<u>875</u>	<u>875</u>	<u>875</u>

14. Other reserves

	2006 £	2005 £
Capital redemption reserve:		
Purchase of own shares	<u>22</u>	<u>22</u>

15. Profit and loss account

	2006 £	2005 £
Balance brought forward	67,684	69,708
(Loss)/Profit for the financial year	(288,990)	2,976
Purchase of own shares	-	(5,000)
Balance carried forward	<u>(221,306)</u>	<u>67,684</u>

16 Ultimate controlling party

The immediate parent company is Leith Agency Limited

The ultimate controlling party is Cello Group plc which is incorporated in Great Britain and registered in England. The accounts of this company are available to the public and may be obtained from the Registrar of Companies, 37 Castle Terrace, Edinburgh