

Company Registration No. 3569821 (England and Wales)

THE FARM POST PRODUCTION LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000



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THE FARM POST PRODUCTION LIMITED

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THE FARM POST PRODUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activities and review of the business

The principal activity of the company was that of television post production.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors recommend payment of an ordinary dividend amounting to £500,000.

Directors

The following directors have held office since 1 January 2000:

N S J Sargent
V C Dunn
P Richardson

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary 'A' of £ 1 each	
	31 December 2000	1 January 2000
N S J Sargent	-	-
V C Dunn	-	-
P Richardson	-	-

	Ordinary 'B' of £ 1 each	
	31 December 2000	1 January 2000
N S J Sargent	-	-
V C Dunn	-	-
P Richardson	-	-

	Ordinary 'C' of £ 1 each	
	31 December 2000	1 January 2000
N S J Sargent	-	-
V C Dunn	-	-
P Richardson	-	-

Auditors

Dover Childs Tyler were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

THE FARM POST PRODUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

Directors' responsibilities

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

By order of the board on 28/6/01



V C Dunn

Director

THE FARM POST PRODUCTION LIMITED

AUDITORS' REPORT TO THE DIRECTORS OF THE FARM POST PRODUCTION LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of the company for the year ended 31 December 2000 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with that provision.



Dover Childs Tyler
Chartered Certified Accountants
Registered Auditors
7-9 Swallow Street
London
W1B 4DT

28/6/01

THE FARM POST PRODUCTION LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Gross profit		3,295,019	2,116,187
Administrative expenses		(1,838,444)	(1,285,123)
Operating profit	2	1,456,575	831,064
Other interest receivable and similar income		28,811	3,790
Interest payable and similar charges	3	(294,853)	(244,556)
Profit on ordinary activities before taxation		1,190,533	590,298
Tax on profit on ordinary activities	4	(389,396)	(83,135)
Profit on ordinary activities after taxation		801,137	507,163
Dividends	5	(500,000)	(100,000)
Retained profit for the year	15	301,137	407,163

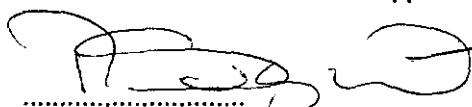
THE FARM POST PRODUCTION LIMITED

ABBREVIATED BALANCE SHEET AT 31 DECEMBER 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	6	5,994,041		2,334,805	
Investments	7	37,800		-	
		<u>6,031,841</u>		<u>2,334,805</u>	
Current assets					
Stocks	8	16,724		6,475	
Debtors	9	1,650,022		897,662	
Cash at bank and in hand		505,874		434,693	
		<u>2,172,620</u>		<u>1,338,830</u>	
Creditors: amounts falling due within one year	10	(3,343,200)		(1,217,533)	
Net current (liabilities)/assets		<u>(1,170,580)</u>		<u>121,297</u>	
Total assets less current liabilities		<u>4,861,261</u>		<u>2,456,102</u>	
Creditors: amounts falling due after more than one year	11	(3,335,518)		(1,620,892)	
Provisions for liabilities and charges	12	(472,531)		(83,135)	
		<u>1,053,212</u>		<u>752,075</u>	
Capital and reserves					
Called up share capital	14	392,157		392,157	
Share premium account	15	207,843		207,843	
Profit and loss account	15	453,212		152,075	
Shareholders' funds	16	<u>1,053,212</u>		<u>752,075</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 28/6/01



N S J Sargent
Director

THE FARM POST PRODUCTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
Net cash inflow from operating activities	2,361,935	1,287,846
Returns on investments and servicing of finance		
Interest received	28,811	3,790
Interest paid	(90,658)	(77,999)
Interest element of finance lease rentals	(204,195)	(166,557)
Net cash outflow for returns on investments and servicing of finance	(266,042)	(240,766)
Capital expenditure		
Payments to acquire tangible assets	(1,584,507)	(306,120)
Receipts from sales of tangible assets	-	30,000
Net cash outflow for capital expenditure	(1,584,507)	(276,120)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	(37,800)	-
Net cash outflow for acquisitions and disposals	(37,800)	-
Equity dividends paid	(100,000)	-
Net cash inflow before management of liquid resources and financing	373,586	770,960
Financing		
Other new short term loans	450,000	-
Capital element of finance lease contracts	(752,405)	(504,544)
Net cash outflow from financing	(302,405)	(504,544)
Increase in cash in the year	71,181	266,416

THE FARM POST PRODUCTION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

1	Reconciliation of operating profit to net cash inflow from operating activities		2000	1999
			£	£
	Operating profit		1,456,575	831,064
	Depreciation of tangible assets		1,113,388	666,019
	Loss on disposal of tangible assets		-	91,533
	Increase in stocks		(10,249)	(1,411)
	Increase in debtors		(752,360)	(564,111)
	Increase in creditors within one year		554,581	264,752
	Net cash inflow from operating activities		2,361,935	1,287,846

2	Analysis of net debt	1 January 2000	Cash flow	Other non-cash changes	31 December 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	434,693	71,181		505,874
	Debt:				
	Finance leases	(1,562,583)	752,405	(3,188,117)	(3,998,295)
	Debts falling due within one year	-	(450,000)	-	(450,000)
	Debts falling due after one year	(650,000)	-	-	(650,000)
		(2,212,583)	302,405	(3,188,117)	(5,098,295)
	Net debt	(1,777,890)	373,586	(3,188,117)	(4,592,421)

3	Reconciliation of net cash flow to movement in net debt	2000	1999
		£	£
	Increase in cash in the year	71,181	266,416
	Cash outflow from decrease in debt and lease financing	302,405	504,544
	Change in net debt resulting from cash flows	373,586	770,960
	New finance lease	(3,188,117)	(1,016,600)
	Movement in net debt in the year	(2,814,531)	(245,640)
	Opening net debt	(1,777,890)	(1,532,250)
	Closing net debt	(4,592,421)	(1,777,890)

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 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 less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the period of the lease
Production equipment	Between 3 and 5 years
Office equipment	Over 4 years

1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

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

1.5 Investments

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

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	1,113,388	666,019
Operating lease rentals	179,638	138,707
Auditors' remuneration	6,000	6,000

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

3	Interest payable	2000 £	1999 £
	On other loans wholly repayable within 5 years	90,658	77,999
	Lease finance charges	204,195	166,557
		<u>294,853</u>	<u>244,556</u>

4	Taxation	2000 £	1999 £
	U.K. current year taxation		
	Deferred taxation	389,396	83,135
		<u>389,396</u>	<u>83,135</u>

On the basis of these financial statements no provision has been made for corporation tax.

5	Dividends	2000 £	1999 £
	Ordinary final proposed	500,000	100,000
		<u>500,000</u>	<u>100,000</u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

6 Tangible fixed assets

	Land and buildings Leasehold	Production equipment	Office equipment	Total
	£	£	£	£
Cost				
At 1 January 2000	447,376	2,375,410	160,037	2,982,823
Additions	515,811	4,078,539	178,274	4,772,624
At 31 December 2000	963,187	6,453,949	338,311	7,755,447
Depreciation				
At 1 January 2000	46,155	560,492	41,368	648,015
Charge for the year	63,606	995,015	54,770	1,113,391
At 31 December 2000	109,761	1,555,507	96,138	1,761,406
Net book value				
At 31 December 2000	853,426	4,898,442	242,173	5,994,041
At 31 December 1999	401,220	1,814,917	118,668	2,334,805

Included above are assets held under finance leases or hire purchase contracts as follows:

	Production equipment £
Net book values	
At 31 December 2000	4,068,550
At 31 December 1999	1,732,764
Depreciation charge for the year	
31 December 2000	793,405
31 December 1999	560,333

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2000	-
Additions	37,800
At 31 December 2000	37,800

8 Stocks

	2000 £	1999 £
Raw materials and consumables	16,724	6,475

9 Debtors

	2000 £	1999 £
Trade debtors	1,376,323	644,571
Other debtors	127,577	124,527
Prepayments and accrued income	146,122	128,564
	1,650,022	897,662

10 Creditors: amounts falling due within one year

	2000 £	1999 £
Net obligations under finance leases	1,312,777	591,691
Trade creditors	489,232	164,851
Taxes and social security costs	331,404	185,855
Other creditors	450,000	-
Accruals and deferred income	259,787	175,136
Proposed dividend	500,000	100,000
	3,343,200	1,217,533

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

11 Creditors: amounts falling due after more than one year	2000 £	1999 £
Other loans	650,000	650,000
Net obligations under finance leases	2,685,518	970,892
	<u>3,335,518</u>	<u>1,620,892</u>
Analysis of loans		
Wholly repayable within five years	1,100,000	650,000
	<u>1,100,000</u>	<u>650,000</u>
Included in current liabilities	(450,000)	-
	<u>650,000</u>	<u>650,000</u>
Loan maturity analysis		
Between two and five years	650,000	650,000
	<u>650,000</u>	<u>650,000</u>
The other loans consists of 650,000 10 per cent convertible unsecured loan notes 2003 of £1 each, with WPP Group (UK) Limited. The loan notes are redeemable in full during 2004 and convertible into Ordinary shares, calculated by reference to the amount of average profit of the group.		
Net obligations under finance leases		
Repayable within one year	1,584,300	713,614
Repayable between one and five years	3,019,345	1,072,052
	<u>4,603,645</u>	<u>1,785,666</u>
Finance charges and interest allocated to future accounting periods	(605,351)	(223,083)
	<u>3,998,294</u>	<u>1,562,583</u>
Included in liabilities falling due within one year	(1,312,777)	(591,691)
	<u>2,685,517</u>	<u>970,892</u>

Barclays Bank Plc have a first fixed and floating charge over the whole undertakings of the group in respect of the overdraft facility and any further finance given including a guarantee for Squash DVD Limited.

The Scottish Life Assurance Company has a charge over a rent deposit of £29,595.

WPP Group (UK) Limited have a fixed and floating charge over the whole undertakings of the company in respect of all obligations and liabilities.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

12 Provisions for liabilities and charges

	£
Profit and loss account	472,531

Deferred tax is provided at 30% (1999 - 23%) analysed over the following timing differences:

	2000	Fully provided 1999
	£	£
Accelerated capital allowances	472,531	83,135

13 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13720 (1999 -£9800). No contributions were payable to the fund at the year end.

14 Share capital

	2000	1999
	£	£
Authorised		
192,157 Ordinary 'A' of £ 1 each	192,157	192,157
100,000 Ordinary 'B' of £ 1 each	100,000	100,000
100,000 Ordinary 'C' of £ 1 each	100,000	100,000
	<u>392,157</u>	<u>392,157</u>
 Allotted, called up and fully paid		
192,157 Ordinary 'A' of £ 1 each	192,157	192,157
100,000 Ordinary 'B' of £ 1 each	100,000	100,000
100,000 Ordinary 'C' of £ 1 each	100,000	100,000
	<u>392,157</u>	<u>392,157</u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

15 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2000	207,843	152,075
Retained profit for the year	-	301,137
	<u>207,843</u>	<u>453,212</u>
Balance at 31 December 2000	207,843	453,212

16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	801,137	507,163
Dividends	(500,000)	(100,000)
	<u>301,137</u>	<u>407,163</u>
Net addition to shareholders' funds	301,137	407,163
Opening shareholders' funds	752,075	344,912
	<u>1,053,212</u>	<u>752,075</u>
Closing shareholders' funds	1,053,212	752,075

17 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2000 £	1999 £
Expiry date: In over five years	290,375	145,375

18 Capital commitments

At 31 December 2000 the company had capital commitments as follows:

	2000 £	1999 £
Contracted for but not provided in the financial statements	-	165,294

19 Directors' emoluments

	2000 £	1999 £
Emoluments for qualifying services	176,667	151,667

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Administration	27	19
Operations	25	19
	<u>52</u>	<u>38</u>

Employment costs

	£	£
Wages and salaries	1,709,509	1,227,761
Social security costs	175,621	119,795
Other pension costs	13,720	9,800
	<u>1,898,850</u>	<u>1,357,356</u>

21 Ultimate parent company

The immediate and ultimate parent company is Lenny Limited which is a Isle of Man registered Company.