

Company Registration No. 3569821 (England and Wales)

THE FARM POST PRODUCTION LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002



THE FARM POST PRODUCTION LIMITED

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THE FARM POST PRODUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

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 £1,000,000.

Directors

The following directors have held office since 1 January 2002:

N S J Sargent
V C Dunn
O Hookway
P Richardson

Directors' interests

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

	Ordinary 'A' of £ 1 each	
	31 December 2002	1 January 2002
N S J Sargent	-	-
V C Dunn	-	-
O Hookway	-	-
P Richardson	-	-

	Ordinary 'B' of £ 1 each	
	31 December 2002	1 January 2002
N S J Sargent	-	-
V C Dunn	-	-
O Hookway	-	-
P Richardson	-	-

	Ordinary 'C' of £ 1 each	
	31 December 2002	1 January 2002
N S J Sargent	-	-
V C Dunn	-	-
O Hookway	-	-
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 2002

Directors' responsibilities

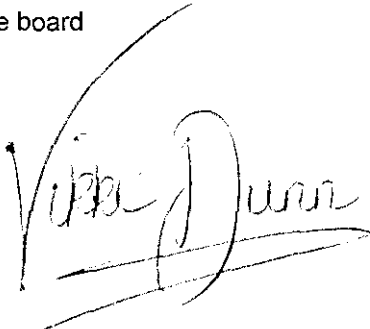
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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.

On behalf of the board

V C Dunn
Director
25 April 2003

A handwritten signature in black ink, appearing to read 'V C Dunn', is written over a horizontal line. The signature is stylized with a large, sweeping initial 'V'.

THE FARM POST PRODUCTION LIMITED

AUDITORS' REPORT TO 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 2002 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

25 April 2003

THE FARM POST PRODUCTION LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Gross profit		4,601,693	4,552,775
Administrative expenses		(2,722,766)	(2,458,465)
Operating profit	2	1,878,927	2,094,310
Investment income	3	225,000	-
Other interest receivable and similar income		12,118	27,719
Interest payable and similar charges	4	(209,237)	(357,678)
Profit on ordinary activities before taxation		1,906,808	1,764,351
Tax on profit on ordinary activities	5	(518,721)	(574,132)
Profit on ordinary activities after taxation		1,388,087	1,190,219
Dividends	6	(2,000,000)	(1,000,000)
Retained (loss)/profit for the year	16	(611,913)	190,219

THE FARM POST PRODUCTION LIMITED

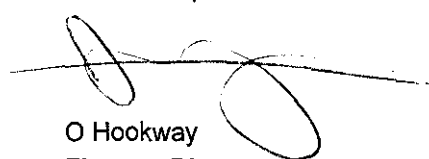
ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	7	3,545,279		4,662,692	
Investments	8	37,800		37,800	
		<u>3,583,079</u>		<u>4,700,492</u>	
Current assets					
Stocks	9	22,737		26,723	
Debtors	10	1,976,110		1,893,950	
Cash at bank and in hand		225,991		745,375	
		<u>2,224,838</u>		<u>2,666,048</u>	
Creditors: amounts falling due within one year	11	(3,915,455)		(3,876,110)	
Net current liabilities		<u>(1,690,617)</u>		<u>(1,210,062)</u>	
Total assets less current liabilities		<u>1,892,462</u>		<u>3,490,430</u>	
Creditors: amounts falling due after more than one year	12	(1,127,288)		(1,868,447)	
Provisions for liabilities and charges	13	(133,655)		(378,551)	
		<u>631,519</u>		<u>1,243,432</u>	
Capital and reserves					
Called up share capital	15	392,157		392,157	
Share premium account	16	207,843		207,843	
Profit and loss account	16	31,519		643,432	
Shareholders' funds	17	<u>631,519</u>		<u>1,243,432</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 25 April 2003


N S J Sargent
Director


O Hookway
Finance Director

THE FARM POST PRODUCTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Net cash inflow from operating activities	3,503,936	3,789,593
Returns on investments and servicing of finance		
Interest received	12,118	27,719
Interest paid	-	(77,844)
Interest element of finance lease rentals	(209,237)	(279,834)
Dividends received	225,000	-
	<u>27,881</u>	<u>(329,959)</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	27,881	(329,959)
Taxation	(662,352)	(5,760)
Capital expenditure		
Payments to acquire tangible assets	(203,912)	(261,229)
	<u>(203,912)</u>	<u>(261,229)</u>
Net cash outflow for capital expenditure	(203,912)	(261,229)
Equity dividends paid	(2,000,000)	(500,000)
	<u>(2,000,000)</u>	<u>(500,000)</u>
Net cash inflow before management of liquid resources and financing	665,553	2,692,645
Financing		
Repayment of other long term loans	-	(650,000)
Repayment of other short term loans	-	(450,000)
Capital element of finance lease contracts	(1,184,937)	(1,353,144)
	<u>(1,184,937)</u>	<u>(2,453,144)</u>
Net cash outflow from financing	(1,184,937)	(2,453,144)
(Decrease)/increase in cash in the year	<u>(519,384)</u>	<u>239,501</u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

1	Reconciliation of operating profit to net cash inflow from operating activities	2002		2001	
		£		£	
	Operating profit	1,878,927		2,094,310	
	Depreciation of tangible assets	1,913,308		1,825,998	
	Decrease/(increase) in stocks	3,986		(9,999)	
	Increase in debtors	(82,160)		(244,322)	
	(Decrease)/Increase in creditors within one year	(210,125)		123,606	
	Net cash inflow from operating activities	3,503,936		3,789,593	
2	Analysis of net debt	1 January 2002		31 December 2002	
		£		£	
	Net cash:				
	Cash at bank and in hand	745,375	(519,384)	-	225,991
	Debt:				
	Finance leases	(2,878,570)	1,184,937	(591,983)	(2,285,616)
	Net debt	(2,133,195)	665,553	(591,983)	(2,059,625)
3	Reconciliation of net cash flow to movement in net debt	2002		2001	
		£		£	
	(Decrease)/increase in cash in the year	(519,384)		239,501	
	Cash outflow from decrease in debt and lease financing	1,184,937		2,453,140	
	Change in net debt resulting from cash flows	665,553		2,692,641	
	New finance lease	(591,983)		(233,415)	
	Movement in net debt in the year	73,570		2,459,226	
	Opening net debt	(2,133,195)		(4,592,421)	
	Closing net debt	(2,059,625)		(2,133,195)	

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

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

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	1,913,308	1,825,998
Operating lease rentals	311,759	302,845
Auditors' remuneration	9,000	6,000

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

3	Investment income	2002	2001
		£	£
	Income from shares in group undertakings	225,000	-
		<u>225,000</u>	<u>-</u>
4	Interest payable	2002	2001
		£	£
	On other loans wholly repayable within 5 years	-	77,844
	Lease finance charges	209,237	279,834
		<u>209,237</u>	<u>357,678</u>
		<u>209,237</u>	<u>357,678</u>
5	Taxation	2002	2001
		£	£
	Domestic current year taxation		
	U.K. corporation tax	763,617	668,112
	Deferred taxation	244,896	93,980
		<u>1,008,513</u>	<u>762,092</u>
		<u>1,008,513</u>	<u>762,092</u>
6	Dividends	2002	2001
		£	£
	Ordinary interim paid	1,000,000	-
	Ordinary final proposed	1,000,000	1,000,000
		<u>2,000,000</u>	<u>1,000,000</u>
		<u>2,000,000</u>	<u>1,000,000</u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

7 Tangible fixed assets

	Land and buildings Leasehold	Production equipment	Office equipment	Total
	£	£	£	£
Cost				
At 1 January 2002	1,013,610	6,867,763	368,718	8,250,091
Additions	111,759	580,538	103,598	795,895
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2002	1,125,369	7,448,301	472,316	9,045,986
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 January 2002	210,468	3,193,209	183,722	3,587,399
Charge for the year	109,540	1,700,118	103,650	1,913,308
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2002	320,008	4,893,327	287,372	5,500,707
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 December 2002	805,361	2,554,974	184,944	3,545,279
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2001	803,142	3,674,554	184,996	4,662,692
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

	Production equipment £
Net book values	
At 31 December 2002	1,988,475
	<u> </u>
At 31 December 2001	2,956,611
	<u> </u>
Depreciation charge for the year	
31 December 2002	1,070,141
	<u> </u>
31 December 2001	1,352,811
	<u> </u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2002 & at 31 December 2002	37,800

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Squash DVD Limited	England	ordinary	75

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Squash DVD Limited	328,905	(43,312)

9 Stocks

	2002 £	2001 £
Raw materials and consumables	22,737	26,723

10 Debtors

	2002 £	2001 £
Trade debtors	1,520,596	1,561,777
Amounts owed by subsidiary undertakings	102,577	68,732
Other debtors	156,594	126,727
Prepayments and accrued income	196,343	136,714
	1,976,110	1,893,950

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NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

11 Creditors: amounts falling due within one year	2002 £	2001 £
Net obligations under finance leases	1,158,328	1,010,123
Trade creditors	449,898	405,030
Corporation tax	763,617	662,352
Other taxes and social security costs	373,025	377,678
Accruals and deferred income	170,587	420,927
Proposed dividend	1,000,000	1,000,000
	<u>3,915,455</u>	<u>3,876,110</u>
 12 Creditors: amounts falling due after more than one year	 2002 £	 2001 £
Net obligations under finance leases	<u>1,127,288</u>	<u>1,868,447</u>
 Net obligations under finance leases		
Repayable within one year	1,286,164	1,197,512
Repayable between one and five years	<u>1,127,288</u>	<u>2,035,338</u>
	2,413,452	3,232,850
Finance charges and interest allocated to future accounting periods	<u>(127,836)</u>	<u>(354,280)</u>
	2,285,616	2,878,570
Included in liabilities falling due within one year	<u>(1,158,328)</u>	<u>(1,010,123)</u>
	<u>1,127,288</u>	<u>1,868,447</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 Royal London Mutual Insurance Society Limited 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 2002

13 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 January 2002	378,551
Profit and loss account	(244,896)
Balance at 31 December 2002	133,655

Deferred taxation provided in the financial statements is as follows:

	2002 £	Fully provided 2001 £
Accelerated capital allowances	133,655	378,551

14 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 £13,846 (2001 - £13,720). Contributions totalling £nil (2001 - £nil) were payable to the fund at the year end and are included in creditors.

15 Share capital	2002 £	2001 £
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
	392,157	392,157
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
	392,157	392,157

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

16 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2002	207,843	643,432
Retained loss for the year	-	(611,913)
Balance at 31 December 2002	207,843	31,519

17 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	1,388,087	1,190,219
Dividends	(2,000,000)	(1,000,000)
Net (depletion in)/addition to shareholders' funds	(611,913)	190,219
Opening shareholders' funds	1,243,432	1,053,213
Closing shareholders' funds	631,519	1,243,432

18 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	2001 £
Expiry date: In over five years	290,375	290,375

19 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	270,000	232,499
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	110,000	105,000

THE FARM POST PRODUCTION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

20 Employees

Number of employees

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

	2002 Number	2001 Number
Administration	50	34
Operations	40	32
	<u>90</u>	<u>66</u>

Employment costs

	£	£
Wages and salaries	2,860,231	2,484,459
Social security costs	277,715	245,326
Other pension costs	14,405	13,846
	<u>3,152,351</u>	<u>2,743,631</u>

21 Ultimate parent company

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