

Company Registration No. 2229624 (England and Wales)

BEETROOT PUBLISHING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2008

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BEETROOT PUBLISHING LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Mr Robert Wailling Ms Mary Taylor Mr Graham Cook |
| Secretary | Ms Mary Taylor |
| Company number | 2229624 |
| Registered office | Clarence Mill Clarence Road Bollington Cheshire SK10 5JZ |
| Auditors | HLB Vantis Audit plc Chartered Accountants & Registered Auditors Nexus House 2 Cray Road Sidcup Kent DA14 5DA |
| Bankers | Halifax Bank of Scotland Level 7 155 Bishopsgate London EC2M 3YB |

BEETROOT PUBLISHING LIMITED

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BEETROOT PUBLISHING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2008

The directors present their report and financial statements for the year ended 29 February 2008.

Principal activities and review of the business

The principal activity of the company during the year was that of an employee communications consultancy.

The results for the year and financial position of the company are as shown in the following statutory accounts.

The company measures performance by year on year gross profit margin growth and operating profit margins.

During the year, gross profit has improved from 52.1% to 53.7% on reduced turnover.

Operating profit/ (loss) margin has declined from 1.3% to a loss of 2.2%, due to a reduction in turnover which could not be compensated for by cost reductions during the year.

Up until the year end, the company was part of a group financing arrangement, operated by its then ultimate parent undertaking, Media Square Plc. The group liabilities comprised overdraft and term loan facilities which are managed at a company level through a subsidiary bank account and interest bearing inter company loan accounts. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

The company's exposure to market risk for changes in interest rates related primarily to the group's bank loan and overdraft facilities.

The company trades with only recognised, creditworthy third parties. It is the company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, bank and asset loans and hire purchase contracts.

Results and dividends

The results for the year are set out on page 5.

During the year the company paid dividends of £nil (2007: £nil).

Directors

The following directors have held office since 1 March 2007:

Mrs Helena Rhodes

(Resigned 3 April 2008)

Mr Robert Walling

Mr Graeme Burns

(Resigned 29 February 2008)

Ms Mary Taylor

Mr Graham Cook

BEETROOT PUBLISHING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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:

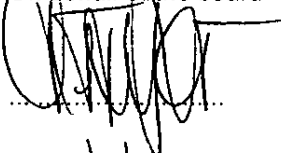
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

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.

On behalf of the board



25/11/2008

BEETROOT PUBLISHING LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BEETROOT PUBLISHING LIMITED

We have audited the financial statements of Beetroot Publishing Limited for the year ended 29 February 2008 set out on pages 5 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 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.

BEETROOT PUBLISHING LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF BEETROOT PUBLISHING LIMITED

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 as at 29 February 2008 and of its loss 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.

HLB Vantis Audit plc

HLB Vantis Audit plc

26 November 2008

Chartered Accountants

Registered Auditor



Nexus House
2 Cray Road
Sidcup
Kent
DA14 5DA

BEETROOT PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 FEBRUARY 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|--|-------|---------------|---------------|
| Turnover | 2 | 2,534 | 2,833 |
| Cost of sales | | (1,172) | (1,358) |
| Gross profit | | 1,362 | 1,475 |
| Administrative expenses | | (1,422) | (1,439) |
| Operating (loss)/profit | 3 | (60) | 36 |
| Other interest receivable and similar income | 4 | - | 2 |
| (Loss)/profit on ordinary activities before taxation | | (60) | 38 |
| Tax on (loss)/profit on ordinary activities | 5 | (4) | (9) |
| (Loss)/profit for the year | 13 | (64) | 29 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BEETROOT PUBLISHING LIMITED

BALANCE SHEET

AS AT 29 FEBRUARY 2008

| | | 2008 | | 2007 | |
|---|-------|--------------|------------|--------------|------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 6 | | 17 | | 25 |
| Current assets | | | | | |
| Stocks | 7 | 83 | | 23 | |
| Debtors | 8 | 613 | | 868 | |
| Cash at bank and in hand | | 109 | | 348 | |
| | | <u>805</u> | | <u>1,239</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(392)</u> | | <u>(739)</u> | |
| Net current assets | | | 413 | | 500 |
| Total assets less current liabilities | | | <u>430</u> | | <u>525</u> |
| Provisions for liabilities | 10 | | - | | (31) |
| | | | <u>430</u> | | <u>494</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 75 | | 75 |
| Share premium account | 13 | | 72 | | 72 |
| Profit and loss account | 13 | | 283 | | 347 |
| Shareholders' funds | 14 | | <u>430</u> | | <u>494</u> |

Approved by the Board and authorised for issue on 25/11/2008

Director

R. E. Weillie

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The directors have taken advantage of the exception in Financial Reporting Standard No. 1 (revised) from including a cash flow statement in the financial statements on the grounds that for the period under review, the company was wholly owned and its ultimate parent company publishes a consolidated cash flow statement.

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 (except as otherwise stated).

1.3 Turnover

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

Revenue is in the form of commissions on media placements and fees for creative and production services provided. It is recognised when the company has satisfied performance criteria that give it the right to income.

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

| | |
|--------------------------------|----------------------|
| Computer equipment | 33% per annum |
| Fixtures, fittings & equipment | 10% to 25% per annum |

1.5 Leasing

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant portion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term, even if the payments are not made on such a basis.

1.6 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.7 Pensions

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contribution payable for the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

1 Accounting policies (continued)

1.8 Deferred taxation

Deferred taxation is recognised on all timing differences at the balance sheet date where transactions or events that gives the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred. Deferred tax assets are recognised when it is more likely than not that they will not be recovered. Deferred tax is measured using rates of tax that enacted or substantially enacted by the balance sheet date.

1.9 Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with fellow members of the Media Square Plc group.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

| 3 Operating (loss)/profit | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Operating (loss)/profit is stated after charging: | | |
| Depreciation of tangible assets | 13 | 14 |
| Operating lease rentals | | |
| - Plant and machinery | 24 | 25 |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 11 | 11 |
| | <u>11</u> | <u>11</u> |

| 4 Investment income | 2008 £'000 | 2007 £'000 |
|---------------------|---------------|---------------|
| Bank interest | - | 2 |
| | <u>-</u> | <u>2</u> |

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

| 5 | Taxation | 2008 £'000 | 2007 £'000 |
|---|--|---------------|---------------|
| | Domestic current year tax | | |
| | Adjustment for prior years | - | 23 |
| | Current tax charge | - | 37 |
| | Deferred tax | | |
| | Deferred tax current year charge | 4 | 2 |
| | Deferred tax prior year credit | - | (16) |
| | | 4 | (14) |
| | | 4 | 9 |
| | Factors affecting the tax charge for the year | | |
| | (Loss)/profit on ordinary activities before taxation | (60) | 38 |
| | (Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2007 - 30.00%) | (18) | 11 |
| | Effects of: | | |
| | Non deductible expenses | 6 | 2 |
| | Depreciation in excess of capital allowances | - | 1 |
| | Capital allowances in excess of depreciation | (3) | - |
| | Tax losses utilised | - | (14) |
| | Adjustments to previous periods | - | 23 |
| | Tax losses carried forward | 15 | - |
| | | 18 | 12 |
| | Current tax charge | - | 23 |

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

6 Tangible fixed assets

| | Plant and machinery | Fixtures, fittings & equipment | Total |
|-----------------------|------------------------|--------------------------------------|-------|
| | £'000 | £'000 | £'000 |
| Cost | | | |
| At 1 March 2007 | 82 | 14 | 96 |
| Additions | 3 | 1 | 4 |
| Disposals | - | (10) | (10) |
| At 29 February 2008 | 85 | 5 | 90 |
| Depreciation | | | |
| At 1 March 2007 | 58 | 12 | 70 |
| On disposals | - | (10) | (10) |
| Charge for the year | 12 | 1 | 13 |
| At 29 February 2008 | 70 | 3 | 73 |
| Net book value | | | |
| At 29 February 2008 | 15 | 2 | 17 |
| At 28 February 2007 | 24 | 1 | 25 |

7 Work in progress

| | 2008 £'000 | 2007 £'000 |
|------------------|---------------|---------------|
| Work in progress | 83 | 23 |

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

| 8 Debtors | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Trade debtors | 536 | 599 |
| Amounts owed by parent and fellow subsidiary undertakings | 2 | 178 |
| Other debtors | 9 | 31 |
| Prepayments and accrued income | 12 | 1 |
| Deferred tax asset (see note 10) | 54 | 59 |
| | <u>613</u> | <u>868</u> |

Amounts falling due after more than one year and included in the debtors above are:

| | 2008 £'000 | 2007 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | - | 178 |

| 9 Creditors: amounts falling due within one year | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Trade creditors | 213 | 207 |
| Amounts owed to parent and fellow subsidiary undertakings | 37 | 399 |
| Taxes and social security costs | 33 | 45 |
| Other creditors | 5 | 5 |
| Accruals and deferred income | 104 | 83 |
| | <u>392</u> | <u>739</u> |

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

10 Provisions for liabilities and charges

| | Other £'000 |
|-----------------------------|----------------|
| Balance at 1 March 2007 | 31 |
| Profit and loss account | (31) |
| | <hr/> |
| Balance at 29 February 2008 | - |
| | <hr/> |

The deferred tax asset (included in debtors, note 8) is made up as follows:

| | 2008 £'000 | |
|-----------------------------|---------------|--|
| Balance at 1 March 2007 | (59) | |
| Profit and loss account | 5 | |
| | <hr/> | |
| Balance at 29 February 2008 | (54) | |
| | <hr/> | |

| | 2008 £'000 | 2007 £'000 |
|--------------------------------|---------------|---------------|
| Decelerated capital allowances | (11) | (15) |
| Other timing differences | (11) | (11) |
| Tax losses available | (32) | (33) |
| | <hr/> | <hr/> |
| | (54) | (59) |
| | <hr/> | <hr/> |

11 Pension and other post-retirement benefit commitments

Defined contribution

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Contributions payable by the company for the year | 46 | 45 |
| | <hr/> | <hr/> |

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

| 12 Share capital | 2008 £ | 2007 £ |
|---|---------------|---------------|
| Authorised | | |
| 36,750 A Ordinary shares of £1 each | 36,750 | 36,750 |
| 38,250 B Ordinary shares of £1 each | 38,250 | 38,250 |
| | <u>75,000</u> | <u>75,000</u> |
| Allotted, called up and fully paid | | |
| 36,750 A Ordinary shares of £1 each | 36,750 | 36,750 |
| 38,250 B Ordinary shares of £1 each | 38,250 | 38,250 |
| | <u>75,000</u> | <u>75,000</u> |

The A and B ordinary shares rank pari pasu in all respects.

| 13 Statement of movements on reserves | Share premium account £'000 | Profit and loss account £'000 |
|---------------------------------------|--------------------------------------|--|
| Balance at 1 March 2007 | 72 | 347 |
| Loss for the year | - | (64) |
| | <u>72</u> | <u>283</u> |
| Balance at 29 February 2008 | 72 | 283 |

| 14 Reconciliation of movements in shareholders' funds | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| (Loss)/Profit for the financial year | (64) | 29 |
| Opening shareholders' funds | 494 | 465 |
| | <u>430</u> | <u>494</u> |
| Closing shareholders' funds | 430 | 494 |

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

15 Financial commitments

At 29 February 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 28 February 2009:

| | Other 2008 £'000 | 2007 £'000 |
|--------------------------------|------------------------|---------------|
| Operating leases which expire: | | |
| Within one year | 5 | 4 |
| Between two and five years | 8 | 18 |
| | <u>13</u> | <u>22</u> |

16 Directors' emoluments

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Emoluments for qualifying services | 274 | 260 |
| Company pension contributions to money purchase schemes | 25 | 23 |
| | <u>299</u> | <u>283</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2007 - 4).

Emoluments disclosed above include the following amounts paid to the highest paid director:

| | | |
|---|-----------|-----------|
| Emoluments for qualifying services | 80 | 75 |
| Company pension contributions to money purchase schemes | 7 | 6 |
| | <u>87</u> | <u>81</u> |

17 Transactions with directors

The company has made loans to directors. The position as at 29 February 2008 and 28 February 2007, and the maximum liability during the period for current directors, are shown in the table below:

| | Amount outstanding 2008 £'000 | 2007 £'000 | Maximum in year £'000 |
|----------------|-------------------------------------|---------------|-----------------------------|
| Helena Rhodes | - | 2 | 2 |
| Robert Wailing | 2 | 2 | 4 |
| | <u>2</u> | <u>2</u> | <u>4</u> |

BEETROOT PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2008

18 Employees

Number of employees

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

| | 2008 Number | 2007 Number |
|----------------|----------------|----------------|
| Production | 19 | 19 |
| Administration | 4 | 4 |
| | <u>23</u> | <u>23</u> |

Employment costs

| | 2008 £'000 | 2007 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 838 | 820 |
| Social security costs | 91 | 97 |
| Other pension costs | 46 | 45 |
| | <u>975</u> | <u>962</u> |

19 Control

The ultimate parent undertaking and controlling party up until 29 February 2008 was Media Square Plc. On 1 March 2008, the company was acquired by M Taylor, G Cook and R Wailling, all directors of the company. Since that date the ultimate controlling party is M Taylor by virtue of her majority shareholding.

The largest and smallest group of undertaking at the year end for which accounts have been drawn up is that headed by Media Square Plc. Copies of the group accounts can be obtained from the Company Secretary.