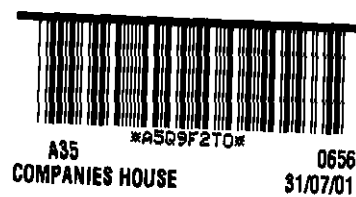


**ROCKLIFF PRINTING GROUP
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000



Company no 20654

ROCKLIFF PRINTING GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

Company registration number: 20654

Registered office: Rockliff Building
Long Lane
Aintree
Liverpool
L9 7BE

Directors: N A Gornell
J G Campbell
M Conlan

Secretary: L Pritchard

Bankers: HSBC Bank plc
Southport Branch
331 Lord Street
Southport
PR8 1NJ

Solicitors: Mace & Jones
Drury House
19 Water Street
Liverpool
L2 0RP

Auditors: Grant Thornton
Registered auditors
Chartered accountants
1st Floor
Royal Liver Building
Liverpool
L3 1PS

ROCKLIFF PRINTING GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

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ROCKLIFF PRINTING GROUP LIMITED

REPORT OF THE DIRECTORS

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

Principal activities

The company continues to be principally engaged in the business of printing.

Business review

There was a profit for the year after taxation amounting to £47,977 (1999: profit £17,039). The directors do not recommend payment of a dividend.

Further investment in capital equipment during the year has seen the arrival of the very latest computer-to-plate technology into our premises. This equipment allows work to be received electronically from anywhere in the world directly to the printing plate without the need for film. Work originated within our own pre-press department can be sent directly to a customer's computer screen for satellite proofing, comments made directly onto the screen and returned to us electronically to be amended.

This new technology is ideally suited for Direct Mail production, which has now grown to 70% of the company turnover, because we, the printer, need not be in the same city as the customer because the finished mail pack is simply posted to the end recipients.

Post balance sheet events

On 7 June 2001 the company purchased 825 of its own £10 ordinary shares. This has had the effect of reducing the reserves of the company by £60,000.

Directors

The present membership of the Board is set out below. All directors served throughout the year apart from L W Gibson who resigned on 30 May 2000.

	Ordinary shares	
	31 December 2000	1 January 2000
N A Gornell	825	825
J G Campbell	825	825
M Conlan	825	825

Fixed assets

The acquisitions and disposals of fixed assets are detailed in the notes to the financial statements.

Charitable donations

Donations to charitable organisations amounted to £980 (1999: £1,374).

ROCKLIFF PRINTING GROUP LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



J G Campbell
Director
Date

2.7.2001

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ROCKLIFF PRINTING GROUP LIMITED**

We have audited the financial statements on pages 4 to 18 which have been prepared under the accounting policies set out on pages 4 to 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LIVERPOOL

Date 13 JULY 2001

ROCKLIFF PRINTING GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a medium-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than leasehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold buildings	2% on cost
Plant and machinery	10% / 25% on cost
Motor vehicles	25% on cost
Fixtures and fittings	15% / 25% on cost

INVESTMENTS

Investments are included at cost less amounts provided. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

STOCKS

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

WORK IN PROGRESS

Work in progress is stated at the lower of cost and net realisable value, less a provision for any foreseeable losses where appropriate.

Cost is defined as the value of materials, labour and overheads directly attributable to each contract. Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

ROCKLIFF PRINTING GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

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

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

ROCKLIFF PRINTING GROUP LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	1	4,109,875	4,239,003
Cost of sales		(2,873,830)	(3,111,917)
Gross profit		1,236,045	1,127,086
Distribution costs		(116,843)	(110,100)
Administrative expenses		(1,114,080)	(953,667)
Other operating income		139,503	34,600
Operating profit		144,625	97,919
Income receivable from other fixed asset investments	4	22,067	13,873
Amounts written off investments	8	(8,197)	-
Interest payable and similar charges	5	(79,642)	(104,332)
Profit on ordinary activities before taxation	1	78,853	7,460
Tax on profit on ordinary activities	6	(30,876)	9,579
Profit transferred to reserves	16	47,977	17,039

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

ROCKLIFF PRINTING GROUP LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	7		916,170		727,980
Investments	8		204		8,401
			<u>916,374</u>		<u>736,381</u>
Current assets					
Stocks	9	265,579		228,036	
Debtors	10	1,061,808		971,660	
Cash at bank and in hand		61,482		33,326	
		<u>1,388,869</u>		<u>1,233,022</u>	
Creditors: amounts falling due within one year	11	(1,193,081)		(1,049,767)	
Net current assets			<u>195,788</u>		<u>183,255</u>
Total assets less current liabilities			<u>1,112,162</u>		<u>919,636</u>
Creditors: amounts falling due after more than one year	12		(322,590)		(196,944)
Provisions for liabilities and charges	13		(29,903)		(11,000)
			<u>759,669</u>		<u>711,692</u>
Capital and reserves					
Called up share capital	15		41,250		41,250
Profit and loss account	16		718,419		670,442
Shareholders' funds	17		<u>759,669</u>		<u>711,692</u>

The financial statements were approved by the Board of Directors on 2 JULY 2001 and were signed on their behalf by



J G Campbell
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

ROCKLIFF PRINTING GROUP LIMITED**CASH FLOW STATEMENT**

For the year ended 31 December 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	18	278,626	274,802
Returns on investments and servicing of finance			
Interest paid		(36,069)	(39,718)
Finance lease interest paid		(43,573)	(64,614)
Dividends received		22,067	13,873
		(57,575)	(90,459)
Taxation		(5,413)	(13,891)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(13,573)	(51,887)
Sale of tangible fixed assets		10,400	25,500
		(3,173)	(26,387)
Financing			
Repayment of borrowings		(6,667)	(21,088)
Capital element of finance lease rentals		(152,313)	(123,642)
		(158,980)	(144,730)
Increase in cash	19	53,485	(665)

The accompanying accounting policies and notes form an integral part of these financial statements.

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to the company's principal activity which is carried out in a single geographical market.

The profit on ordinary activities is stated after:	2000 £	1999 £
Auditors' remuneration:		
Audit services	7,250	7,000
Non-audit services	4,405	3,200
Depreciation and amortisation:		
Tangible fixed assets, owned	86,807	45,818
Tangible fixed assets, held under finance leases and hire purchase contracts	110,884	130,438
Write-downs of fixed asset investments	8,197	-
Operating lease rentals	271,490	261,051
Other operating income includes:		
Rental of assets and other similar income	39,135	34,600
Proceeds from keyman insurance policy	100,368	-

2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2000 £	1999 £
Wages and salaries	1,312,098	1,245,772
Social security costs	119,351	137,041
Other pension costs	42,769	47,808
	1,474,218	1,430,621

The average number of employees of the company during the year was 55 (1999: 55).

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

Remuneration in respect of directors was as follows:

	2000 £	1999 £
Emoluments (including benefits in kind)	208,598	220,831
Pension contributions	18,379	24,629
Compensation for loss of office	30,000	-
	<u>256,977</u>	<u>245,460</u>

During the year 3 directors (1999: 4) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid directors as follows:

	2000 £	1999 £
Emoluments (including benefits in kind)	76,856	60,885
Pension contributions	1,400	2,400
	<u>78,256</u>	<u>63,285</u>

3 PENSIONS

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of all employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

4 INCOME RECEIVABLE FROM OTHER FIXED ASSET INVESTMENTS

	2000 £	1999 £
From shares in group undertakings	<u>22,067</u>	<u>13,873</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
On bank loan and overdraft	1,200	1,795
Finance charges in respect of finance leases and similar hire purchase contracts	43,573	64,614
Other interest payable and similar charges	34,869	37,923
	<u>79,642</u>	<u>104,332</u>

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000 £	1999 £
UK Corporation tax at 20% (1999: 20%)	11,981	5,421
Deferred taxation	18,903	(15,000)
	<u>30,884</u>	<u>(9,579)</u>
Adjustments in respect of prior periods	(8)	-
	<u>30,876</u>	<u>(9,579)</u>

7 TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2000	225,000	1,488,611	121,981	175,806	2,011,398
Additions	-	376,057	-	13,574	389,631
Disposals	-	(15,000)	(40,311)	(30,270)	(85,581)
At 31 December 2000	<u>225,000</u>	<u>1,849,668</u>	<u>81,670</u>	<u>159,110</u>	<u>2,315,448</u>
Depreciation					
At 1 January 2000	30,000	1,063,329	77,632	112,457	1,283,418
Provided in the year	3,000	157,274	16,313	21,104	197,691
Eliminated on disposals	-	(11,250)	(40,311)	(30,270)	(81,831)
At 31 December 2000	<u>33,000</u>	<u>1,209,353</u>	<u>53,634</u>	<u>103,291</u>	<u>1,399,278</u>
Net book amount at 31 December 2000	<u>192,000</u>	<u>640,315</u>	<u>28,036</u>	<u>55,819</u>	<u>916,170</u>
Net book amount at 31 December 1999	<u>195,000</u>	<u>425,282</u>	<u>44,349</u>	<u>63,349</u>	<u>727,980</u>

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Plant and machinery £	Motor vehicles £
Net book amount at 31 December 2000	515,767	16,846
Net book amount at 31 December 1999	364,351	42,985
Depreciation provided during year	98,193	7,484

8 FIXED ASSETS INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 January 2000 and 31 December 2000	8,405
Amounts provided	
At 1 January 2000	4
Provided during the year	8,197
At 31 December 2000	8,201
Net book amount at 31 December 2000	204
Net book amount at 31 December 1999	8,401

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

At 31 December 2000 the company held more than 20% of the equity of the following undertakings:

Company name	Country of incorporation /registration	Class of share capital held	Proportion held	Nature of business	Profit/(Loss) for the financial year £	Capital and reserves £
The Colour House Reprographics Limited	England	Ordinary	100%	Printers and typesetters	(33,967)	(33,867)
CPL Print Limited	England	Ordinary	100%	Dormant	-	100
T&M Limited	England	Ordinary	100%	Dormant	-	2
Rockliff Publications Limited	England	Ordinary	100%	Dormant	1,659	2

T&M Limited ceased to trade as of 31 December 1999. At 31 December 2000 the trade and assets of CPL Print Limited and Rockliff Publications Limited were transferred to the company.

9 STOCKS

	2000 £	1999 £
Raw materials and consumable stores	81,737	64,180
Short-term work in progress	183,842	163,856
	<u>265,579</u>	<u>228,036</u>

10 DEBTORS

	2000 £	1999 £
Trade debtors	847,149	769,998
Amounts owed by group undertakings	135,028	135,583
Other debtors	37,807	35,433
Prepayments and accrued income	41,824	30,646
	<u>1,061,808</u>	<u>971,660</u>

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Other loan	6,660	6,667
Bank overdraft	-	25,328
Trade creditors	464,691	364,683
Directors loan accounts	-	20,208
Amounts owed to group undertakings	87,439	108,582
Corporation tax	11,981	5,421
Social security and other taxes	39,961	37,618
Other creditors	226,491	284,359
Pension contributions	6,114	4,303
Accruals and deferred income	153,546	87,838
Amounts due under finance leases and similar hire purchase contracts	196,198	104,760
	<u>1,193,081</u>	<u>1,049,767</u>

The bank overdraft is secured by a legal charge over the company's property and by a fixed and floating charge over the company's assets.

Other creditors of £225,503 (1999: £284,359) are secured on the company's trade debtors.

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Other loan	2,784	9,444
Directors loan accounts	29,998	29,998
Amounts due under finance leases and similar hire purchase contracts	289,808	157,502
	<u>322,590</u>	<u>196,944</u>

Other loan

The other loan is secured on computer equipment included in fixed assets. The loan is repayable in equal monthly instalments of £555 and will be fully repaid by May 2002.

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

Borrowings are repayable as follows:	2000	1999
	£	£
Within one year		
Bank overdraft and other loan	6,660	31,995
Finance leases and hire purchase contracts	196,198	104,760
After one and within two years		
Other loan	2,784	6,667
Finance leases and hire purchase contracts	155,568	96,451
After two and within five years		
Other loan	-	2,777
Finance leases and hire purchase contracts	134,240	61,051
	<u>495,450</u>	<u>303,701</u>

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 January 2000	11,000
Provided during the year	18,903
At 31 December 2000	<u>29,903</u>

14 DEFERRED TAXATION

Deferred taxation provided for and not provided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 20%.

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£	£	£	£
Accelerated capital allowances	<u>29,903</u>	<u>11,000</u>	<u>-</u>	<u>29,692</u>

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

15 SHARE CAPITAL

	2000 £	1999 £
Authorised 5,000 Ordinary shares of £10 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid 4,125 Ordinary shares of £10 each	<u>41,250</u>	<u>41,250</u>

16 RESERVES

	Profit and loss account £
At 1 January 2000	670,442
Retained profit for the year	47,977
At 31 December 2000	<u>718,419</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	47,977	17,039
Shareholders' funds at 1 January 2000	<u>711,692</u>	<u>694,653</u>
Shareholders' funds at 31 December 2000	<u>759,669</u>	<u>711,692</u>

18 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	144,625	97,919
Depreciation	197,691	176,256
Profit on sale of tangible fixed assets	(7,850)	(25,500)
Increase in stocks	(37,543)	132,268
Increase in debtors	(88,948)	(327,702)
Increase in creditors	70,651	221,561
Net cash inflow from continuing operating activities	<u>278,626</u>	<u>274,802</u>

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

19 RECONCILIATION OF NET CASH OUTFLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Increase in cash in the year	53,484	(666)
Cash outflow from financing in the year	6,667	21,088
Cash outflow from finance leases and hire purchase contracts in the year	152,313	123,642
Inception of finance leases	(376,057)	(139,719)
Movement in net funds in the year	(163,593)	4,345
Net debt at 1 January 2000	(270,375)	(274,720)
Net debt at 31 December 2000	(433,968)	(270,375)

20 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2000 £	Cash flow £	Non - cash items £	At 31 December 2000 £
Cash in hand	33,326	28,156	-	61,482
Bank overdraft	(25,328)	25,328	-	-
Other loan	(16,111)	6,667	-	(9,444)
Finance leases and hire purchase contracts	(262,262)	152,313	(376,057)	(486,006)
	(270,375)	212,464	(376,057)	(433,968)

21 LEASING COMMITMENTS

Operating lease payments amounting to £143,110 (1999: £281,017) are due within one year. The leases to which these amounts relate expire as follows:

Other than land and buildings:	2000 £	1999 £
In one year or less	135,059	12,133
Between one and five years	8,051	268,884
	143,110	281,017

22 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2000 or 31 December 1999.

ROCKLIFF PRINTING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

23 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2000 or 31 December 1999 except in respect of deferred taxation.

24 GROUP COMPANY

Rockliff Printing Group Limited, a company registered in England and Wales, is the ultimate holding company of :

The Colour House Reprographics Limited,
CPL Print Limited,
T&M Limited,
Rockliff Publications Limited.

T&M Limited ceased to trade as of 31 December 1999. At 31 December 2000 the trade and assets of CPL Print Limited and Rockliff Publications Limited were transferred to the company.

25 RELATED PARTY TRANSACTIONS

The following are transactions with subsidiary undertakings during the year:

Name of related party	Nature of transaction	2000 £	1999 £
CPL Print Limited	Trade sales	22,282	31,153
Rockliff Publications Limited	Trade sales	112,401	250,484
The Colour House Reprographics Limited	Trade purchases	179,108	199,817
CPL Print Limited	Selling fees payable	279,000	216,000
The Colour House Reprographics Limited	Asset rental receivable	13,200	13,200
CPL Print Limited	Asset rental receivable	20,000	20,000

The following are balances outstanding with subsidiary undertakings at the year end:

Name of related party	Nature of balance	2000 £	1999 £
The Colour House Reprographics Limited	Trade debtors	135,028	96,338
T&M Limited	Trade debtors	-	6,390
Rockliff Publications Limited	Trade debtors	-	23,881
CPL Print Limited	Trade debtors	-	7,717
CPL Print Limited	Creditor	100	-
The Colour House Reprographics Limited	Trade creditors	87,335	107,358
Rockliff Publications Limited	Creditor	2	202
T&M Limited	Creditor	2	-

26 POST BALANCE SHEET EVENTS

On 7 June 2001 the company purchased 825 of its own £10 ordinary shares. This has had the effect of reducing the reserves of the company by £60,000.