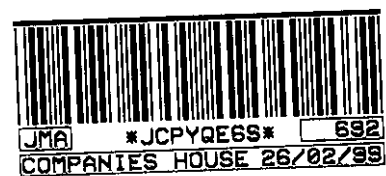


Deanprint Limited
Registration Number 30846
Directors' Report and Financial Statements
for the year ended 30th April 1998

Bolton & Co
Chartered Accountants

14 Warrington Street
Ashton-under-Lyne
Lancashire
OL6 6AS



Deanprint Limited

Company Information

Directors	Peter F Sherlock Michael R Broome Harold F Hinchcliffe Michael J Marren
Secretary	H F Hinchcliffe
Company Number	30846
Registered Office	Cheadle Heath Works Stockport Road Cheadle Stockport SK3 0PR
Auditors	Bolton & Co 14 Warrington Street Ashton-under-Lyne Lancashire OL6 6AS
Business Address	Cheadle Heath Works Stockport Road Cheadle Stockport SK3 0PR
Bankers	Barclays Bank plc 876/878 Stockport Road Levenshulme Manchester M19 3BP

Deanprint Limited

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Deanprint Limited

**Directors' Report
for the year ended 30th April 1998**

The directors present their report and the financial statements for the year ended 30th April 1998.

Principal Activity and Review of the Business

The principal activity of the company was printing and bookbinding.

The directors consider that, although the results are again disappointing, the disruption caused by the reorganisation of our major customers seems to be settling down and, with the proposed introduction of new equipment, the turnover and profitability should begin to increase significantly.

Results And Dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a final dividend.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated on page 1. All of the company's share capital is owned by the parent company.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Bolton & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 25th February 1999 and signed on its behalf by

**H F Hinchcliffe
Secretary**



Deanprint Limited

Auditors' Report to the Shareholders of Deanprint Limited

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. 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 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 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 30th April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bolton & Co

Bolton & Co

**Chartered Accountants and
Registered Auditor**

**14 Warrington Street
Ashton-under-Lyne
Lancashire
OL6 6AS**

25th February 1999

Deanprint Limited

**Profit and Loss Account
for the year ended 30th April 1998**

		Continuing operations	
		1998	1997
	Notes	£	£
Turnover	2	2,266,375	2,228,616
Cost of sales		(1,286,461)	(1,285,144)
Gross profit		<u>979,914</u>	<u>943,472</u>
Distribution costs		(81,916)	(28,494)
Administrative expenses		(853,424)	(881,976)
Operating profit	3	<u>44,574</u>	<u>33,002</u>
Interest receivable and similar income	4	579	485
Interest payable and similar charges	5	<u>(36,727)</u>	<u>(25,865)</u>
Profit on ordinary activities before taxation		8,426	7,622
Tax on profit on ordinary activities	8	-	1,388
Retained profit for the year		<u>8,426</u>	<u>9,010</u>
Retained profit brought forward		568,927	559,916
Retained profit carried forward		<u><u>577,353</u></u>	<u><u>568,926</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 9 to 18 form an integral part of these financial statements.

Deanprint Limited

**Balance Sheet
as at 30th April 1998**

	Notes	1998		1997	
		£	£	£	£
Fixed Assets					
Tangible assets	9		614,505		575,003
Investments	10		3,101		3,101
			<u>617,606</u>		<u>578,104</u>
Current Assets					
Stocks	11	287,283		278,990	
Debtors	12	607,587		547,354	
Cash at bank and in hand		10,495		12,916	
		<u>905,365</u>		<u>839,260</u>	
Creditors: amounts falling due within one year	13	(692,216)		(594,557)	
Net Current Assets			<u>213,149</u>		<u>244,703</u>
Total Assets Less Current Liabilities			<u>830,755</u>		<u>822,807</u>
Creditors: amounts falling due after more than one year	14		(177,078)		(177,557)
Provision for Liabilities and Charges	15		(36,159)		(36,159)
Net Assets			<u><u>617,518</u></u>		<u><u>609,091</u></u>
Capital and Reserves					
Called up share capital	16		20,000		20,000
Other reserves	17		20,165		20,165
Profit and loss account	17		577,353		568,926
Equity Shareholders' Funds	18		<u><u>617,518</u></u>		<u><u>609,091</u></u>

The financial statements were approved by the Board on 25th February 1999 and signed on its behalf by

Harold F Hinchcliffe
Director

H.F. Hinchcliffe

The notes on pages 9 to 18 form an integral part of these financial statements.

Deanprint Limited

**Cash Flow Statement
for the year ended 30th April 1998**

	Notes	1998 £	1997 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		44,574	33,002
Depreciation		87,238	102,746
(Increase) in stocks		(8,293)	(8,053)
(Increase) in debtors		(60,233)	9,134
Increase in creditors		9,415	(42,000)
Net cash inflow from operating activities		<u>72,701</u>	<u>94,829</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		72,701	94,829
Returns on investments and servicing of finance	23	(36,148)	(25,380)
Taxation	23	(1,449)	-
Capital expenditure	23	(147,186)	(81,923)
		(112,082)	(12,474)
Financing	23	(8,880)	148,274
Decrease in cash in the year		<u>(120,962)</u>	<u>135,800</u>
Reconciliation of net cash flow to movement in net debt (Note 24)			
Decrease in cash in the year		(120,962)	135,800
Cash outflow from increase in debts and lease financing		8,880	(148,274)
Change in net debt resulting from cash flows		(112,082)	(12,474)
New finance leases		20,445	18,080
Movement in net debt in the year		(91,637)	5,606
Net debt at 1st May 1997		(-357,129)	-362,735
Net debt at 30th April 1998		<u>-448,766</u>	<u>-357,129</u>

Deanprint Limited

Notes to the Financial Statements for the year ended 30th April 1998

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	10-20%
Motor vehicles	-	20% Straight Line

1.4 Leasing and hire purchase commitments

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 constant periodic rates of charge on the net obligations 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 and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.9 Consolidated accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

Deanprint Limited

Notes to the Financial Statements for the year ended 30th April 1998

..... continued

2. Turnover

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

3. Operating profit

	1998 £	1997 £
Operating profit is stated after charging:		
Depreciation of tangible assets	91,102	103,875
Operating lease rentals		
- Plant and machinery	125	3,239
Auditors' remuneration	5,900	5,900
and after crediting:		
Profit on disposal of tangible fixed assets	3,864	1,129

4. Interest receivable and similar income

	1998 £	1997 £
Bank interest	579	485

5. Interest payable and similar charges

	1998 £	1997 £
On bank loans and overdrafts	26,670	14,560
Hire purchase interest	10,057	11,305
	36,727	25,865

Deanprint Limited

Notes to the Financial Statements for the year ended 30th April 1998

..... continued

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	1998	1997
Office & management	17	17
Production	57	57
	<u>74</u>	<u>74</u>

Employment costs

	1998 £	1997 £
Wages and salaries	1,078,948	1,037,913
Social security costs	9,255	9,282
Other pension costs	44,025	34,256
	<u>1,132,228</u>	<u>1,081,451</u>

6.1 Directors' emoluments

	1998 £	1997 £
Remuneration and other emoluments	121,050	107,794
Pension contributions	5,700	-
Pensions paid to former directors	8,695	7,765
	<u>135,445</u>	<u>115,559</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	4	4

7. Pension costs

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £44,025 (1997 - £34,256).

Deanprint Limited

**Notes to the Financial Statements
for the year ended 30th April 1998**

..... continued

8. Taxation	1998 £	1997 £
UK current year taxation		
Transfer to deferred taxation	-	(3,450)
 Prior years		
UK Corporation Tax	-	2,062
	<u>-</u>	<u>(1,388)</u>

9. Tangible fixed assets	Plant and machinery	Motor vehicles	Total
	£	£	£
Cost			
At 1st May 1997	1,113,155	98,108	1,211,263
Additions	127,301	11,440	138,741
Disposals	(35,037)	(5,142)	(40,179)
At 30th April 1998	<u>1,205,419</u>	<u>104,406</u>	<u>1,309,825</u>
Depreciation			
At 1st May 1997	572,400	63,861	636,261
On disposals	(26,901)	(5,142)	(32,043)
Charge for the year	77,310	13,792	91,102
At 30th April 1998	<u>622,809</u>	<u>72,511</u>	<u>695,320</u>
Net book values			
At 30th April 1998	<u>582,610</u>	<u>31,895</u>	<u>614,505</u>
At 30th April 1997	<u>540,755</u>	<u>34,247</u>	<u>575,002</u>

Deanprint Limited

**Notes to the Financial Statements
for the year ended 30th April 1998**

..... continued

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

Asset description	1998		1997	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	276,871	41,853	242,185	34,550
Motor vehicles	14,025	4,785	17,745	8,845
	<u>290,896</u>	<u>46,638</u>	<u>259,930</u>	<u>43,395</u>

10. Fixed Asset Investments

	Subsidiary Undertakings Shares	Total
	£	£
Cost		
At 1st May 1997		
At 30th April 1998	3,101	3,101
Net book values		
At 30th April 1998	3,101	3,101
At 30th April 1997	<u>3,101</u>	<u>3,101</u>

Deanprint Limited

**Notes to the Financial Statements
for the year ended 30th April 1998**

..... continued

10.1 Holdings of 20% or more

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

Company	Country of registration or incorporation	Shares held Class	
Subsidiary undertaking			
Chorlton & Knowles Limited	England & Wales	Ordinary	100%

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 £
Chorlton & Knowles Limited	423	384

11. Stocks

	1998 £	1997 £
Raw materials and consumables	111,383	110,266
Work in progress	169,132	164,283
	<u>280,515</u>	<u>274,549</u>
Finished goods and goods for resale	6,768	4,441
	<u>287,283</u>	<u>278,990</u>

12. Debtors

	1998 £	1997 £
Trade debtors	420,539	408,277
Amounts owed by group undertakings	104,348	96,480
Other debtors	57,156	18,260
Prepayments and accrued income	25,544	24,337
	<u>607,587</u>	<u>547,354</u>

Deanprint Limited

**Notes to the Financial Statements
for the year ended 30th April 1998**

..... continued

13. Creditors: amounts falling due within one year	1998 £	1997 £
Bank overdraft	227,328	115,569
Bank loan	7,893	6,814
Net obligations under finance leases and hire purchase contracts	46,962	70,107
Trade creditors	260,300	284,785
Amounts owed to group undertaking	-	3,106
Amounts owed to participating interest	4,792	5,109
Corporation tax	613	2,062
Other taxes and social security costs	58,523	45,133
Other creditors	3,282	2,540
Accruals and deferred income	82,523	59,332
	<u>692,216</u>	<u>594,557</u>
 14. Creditors: amounts falling due after more than one year	 1998 £	 1997 £
Bank loan	131,501	141,460
Net obligations under finance leases and hire purchase contracts	45,577	36,097
	<u>177,078</u>	<u>177,557</u>
 Loans		
Repayable in one year or less, or on demand (Note 13)	7,893	6,814
Repayable between one and two years	11,505	9,959
Repayable between two and five years	43,792	39,153
Repayable in five years or more	76,204	92,348
	<u>139,394</u>	<u>149,353</u>

The finance leases and hire purchase contracts are secured on the assets concerned. The loan is secured by a first legal charge over the premises owned by the parent company.

Deanprint Limited

**Notes to the Financial Statements
for the year ended 30th April 1998**

..... continued

15. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	Provided	
	1998	1997
	£	£
Accelerated capital allowances	<u>36,159</u>	<u>36,159</u>

16. Share capital

	1998	1997
	£	£
Allotted, called up and fully paid equity		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

17. Equity Reserves

	Profit and loss account	Capital reserve	Total
	£	£	£
At 1st May 1997	568,927	20,165	589,092
Retained profit for the year	8,426		8,426
At 30th April 1998	<u>577,353</u>	<u>20,165</u>	<u>597,518</u>

18. Reconciliation of movements in shareholders' funds

	1998	1997
	£	£
Profit for the year	8,426	9,010
Opening shareholders' funds	<u>609,092</u>	<u>600,081</u>
	<u>617,518</u>	<u>609,091</u>

FAILED VALIDATION - OPENING FUND B/F

Deanprint Limited

Notes to the Financial Statements for the year ended 30th April 1998

..... continued

19. Financial commitments

At 30th April 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998	Other 1997
	£	£
Expiry date:		
Within one year	1,828	1,060

20. Contingent liabilities

The company has given a guarantee of £45,000 in respect of bank borrowings by A.D.F. (Specialised Services) Limited. The company has guaranteed a loan of £12,000 by an employee through a deed of charge over a credit balance of £12,000. The directors foresee no circumstances under which these guarantees will be enforced. Therefore no provision is made in the financial statements for these items.

21. Related party transactions

The company is a subsidiary of Dean Holdings Limited and has a subsidiary, Chorlton & Knowles Limited. In addition to these, the company is related to two other companies by virtue of common management, Quirepale Limited and A.D.F.(Specialised Services) Limited. During the year the company made sales to Quirepale and A.D.F. of £ 373,106 (1997 £ 325,470) and £ 9,884 (1997 £ 20,111) respectively. Purchases were made from the same companies of £1,350 (1997 £ 9,000) and £27,418 (1997 £ 49,586) respectively. All of these transactions were on an arms length basis. Rent was paid to Dean Holdings Limited of £9,000 (1997 £13,096) at terms below market rates. Deanprint made a £2,700 Head office charge to Chorlton & Knowles (1997 £2700). Overheads and expenses of £9,000 (1997 £26,500) were recharged to Chorlton & Knowles. At the year end Dean Holdings, Chorlton & Knowles and Quirepale owed £101,402 (1997 £97,479), £2,815 (1997 £3,106 owed by Deanprint) and £75,216 (1997 £9,783) respectively to Deanprint, while Deanprint owed £7,598 (1997 £ 5,109) to A.D.F.

22. Ultimate parent undertaking

The Company is a subsidiary of Dean Holdings Limited, a company registered in England & Wales. Ultimate control lies with the members of the parent company.

Deanprint Limited

**Notes to the Financial Statements
for the year ended 30th April 1998**

..... continued

23. Gross Cash Flows

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest received	579	485
Interest paid	(36,727)	(25,865)
	<u>(36,148)</u>	<u>(25,380)</u>
Taxation		
Corporation tax paid	(1,449)	-
	<u></u>	<u></u>
Capital expenditure		
Payments to acquire tangible assets	(159,186)	(83,052)
Receipts from sales of tangible assets	12,000	1,129
	<u>(147,186)</u>	<u>(81,923)</u>
Financing		
New long term bank loan	-	141,460
New short term bank loan	-	6,814
Repayment of short term bank loan	(8,880)	-
	<u>(8,880)</u>	<u>148,274</u>

24. Analysis of changes in net debt

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	12,916	(2,421)		10,495
Overdrafts	(115,569)	(111,759)		(227,328)
	<u>(102,653)</u>	<u>(114,180)</u>		<u>(216,833)</u>
Debt due within one year	(6,814)	8,880	(9,959)	(7,893)
Debt due after one year	(141,460)	-	9,959	(131,501)
Finance leases	(112,984)	-	20,445	(92,539)
	<u>(261,258)</u>	<u>8,880</u>	<u>20,445</u>	<u>(231,933)</u>
Net debt	<u>(363,911)</u>	<u>(105,300)</u>	<u>20,445</u>	<u>(448,766)</u>