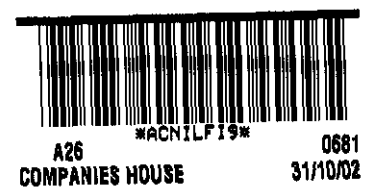


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MIDS & HORSEY LTD
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2002



Company No. 116571

MIDS & HORSEY LTD
COMPANY INFORMATION

Directors

D P K Christian
R A Anstey (resigned 29 January
2002)
C G Brown
C J Oake (resigned 16 August
2002)
I P Byrne (resigned 30 April 2002)
S H C Verdon (resigned 13 July
2001)
R Emerson (appointed 1 April
2002)

Secretary

Mrs M E A Jeffery

Company number

116571

Registered office

26 Chapel Street
Chichester
West Sussex
PO19 1DL

Auditors

Stoner Cottingham
42 London Road
Horsham
West Sussex
RH12 1AY

Bankers

National Westminster Bank plc
23 West Street
Havant
Hants
PO9 1EU

MIDS & HORSEY LTD

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Balance sheet	5
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MIDS & HORSEY LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2002

The directors present their report and the financial statements for the company for the year ended 31st March 2002.

Principal activities and review of business

The company's principal activity continued to be that of printing and personalising plastic cards and stationery.

Results and dividends

The results for the year are set out in the profit and loss account on page 4.

The directors consider the state of the company's affairs to be satisfactory.

The directors do not recommend a dividend.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st March 2002	At 1st April 2001
D P K Christian	£1 Ordinary	1	1
R A Anstey (resigned 29 January 2002)		-	-
C G Brown		-	-
C J Oake (resigned 16 August 2002)		-	-
I P Byrne (resigned 30 April 2002)		-	-
S H C Verdon (resigned 13 July 2001)		-	-
R Emerson (appointed 1 April 2002)		-	-

The balance of the issued share capital is owned by the holding company, Woodpecker Plc.

Statement of 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 for that year. 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 which 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.

MIDS & HORSEY LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2002

Auditors

A resolution to re-appoint Stoner Cottingham Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Mrs M E A Jeffery, Secretary

Date: 23 October 2002

26 Chapel Street
Chichester
West Sussex
PO19 1DL

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDS & HORSEY LTD

We have audited the financial statements of Mids & Horsey Limited for the year ended 31st March 2002 on pages 4 to 12. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Stoner Cottingham
Chartered Accountants and Registered Auditors
42 London Road
Horsham
West Sussex
RH12 1AY

Date: 28 October 2002.

MIDS & HORSEY LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002

	Notes	2002 £	2001 £
Turnover	2	4,636,241	4,950,136
Cost of sales		(2,580,521)	(2,561,205)
Gross profit		2,055,720	2,388,931
Production costs		(636,188)	(617,847)
Selling Expenses		(198,946)	(202,692)
Administrative expenses		(837,367)	(1,235,649)
Reorganisation costs		(1,803)	(83,298)
Operating profit	3	381,416	249,445
Profit/(loss) on sale of fixed assets		(122)	24,502
Profit on ordinary activities before interest		381,294	273,947
Interest payable and similar charges	4	(57,805)	(80,933)
Profit on ordinary activities before taxation		323,489	193,014
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		323,489	193,014
Retained profit brought forward		1,073,443	880,429
Retained profit carried forward		1,396,932	1,073,443

All amounts relate to continuing activities.

MIDS & HORSEY LTD

BALANCE SHEET AS AT 31ST MARCH 2002

	Notes	£	2002 £	£	2001 £
Fixed assets					
Tangible assets	7		1,709,671		1,427,127
Current assets					
Stocks	8	287,028		210,628	
Debtors	9	1,288,109		1,734,868	
Cash at bank and in hand		28,404		17,969	
		1,603,541		1,963,465	
Creditors: amounts falling due within one year	10	(1,124,115)		(1,755,339)	
Net current assets			479,426		208,126
Total assets less current liabilities			2,189,097		1,635,253
Creditors: amounts falling due after more than one year	11		(784,165)		(553,810)
			1,404,932		1,081,443
Capital and reserves					
Share capital	15		8,000		8,000
Profit and loss account			1,396,932		1,073,443
Shareholders' funds	16		1,404,932		1,081,443

These accounts were approved by the board on 23 October 2002 and signed on its behalf by:

D P K Christian
Director



MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value of all tangible fixed assets, with the exception of freehold land, by equal annual instalments over their expected useful lives:

Plant and machinery	10% / 20%
Motor vehicles	25%
Fixtures and fittings	10% / 20%

Stocks and Work in Progress

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

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 crystallise.

Contribution to pension funds

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

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value 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.

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002

2 Turnover

The geographical analysis of turnover is as follows:

	2002	2001
	£	£
Europe	494,763	291,535
Middle East	8,510	7,450
UK	4,133,661	4,641,826
America	-	1,126
Other 1	1,821	2,848
Other 2	7,232	5,350
	<u>4,645,987</u>	<u>4,950,135</u>

3 Operating profit

The operating profit is stated after charging or crediting:

	2002	2001
	£	£
Depreciation of tangible fixed assets:		
-owned assets	117,583	88,353
-assets held under finance leases and hire purchase	192,210	200,373
Loss on disposal of fixed assets	122	(24,502)
Hire of equipment	4,368	5,253
Auditors' remuneration - non audit work	1,500	1,500
Auditors' remuneration	5,340	8,000
	<u>57,805</u>	<u>80,933</u>

4 Interest payable and similar charges

	2002	2001
	£	£
Finance leases and hire purchase contracts	51,844	63,747
Interest payable on other loans	5,961	17,186
	<u>57,805</u>	<u>80,933</u>

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002

5 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2002	2001
	£	£
Wages and salaries	1,535,930	1,703,825
Social security costs	178,646	207,866
Other pension costs	48,548	44,133
	<u>1,763,124</u>	<u>1,955,824</u>

The average monthly number of employees, including directors, during the year was as follows:

	2002	2001
	Number	Number
Office and management	14	16
Direct labour	78	80
	<u>92</u>	<u>96</u>

Directors' emoluments

	2002	2001
	£	£
Aggregate emoluments	105,989	175,748
Directors' pension contributions under defined contribution schemes	10,003	16,514
	<u>115,992</u>	<u>192,262</u>

Retirement benefits were accruing to directors as follows:

	2002	2001
	Number	Number
Defined contribution pension scheme	3	4

Highest paid director

	2002	2001
	£	£
Aggregate emoluments	48,500	49,396
Contributions to a defined contribution pension scheme	4,650	4,647
	<u>53,150</u>	<u>54,043</u>

Highest paid director other information.

Accrued pension	-	-
Other	-	-

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002

6 Taxation

No provision in respect of corporation tax has been made due to group relief

7 Tangible fixed assets

	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
Cost	£	£	£	£
At 1st April 2001	2,207,439	75,676	312,401	2,595,516
Additions	577,908	-	21,052	598,960
Disposals	-	(24,152)	-	(24,152)
At 31st March 2002	2,785,347	51,524	333,453	3,170,324
Depreciation				
At 1st April 2001	996,660	54,239	117,489	1,168,388
Charge for the year	238,537	13,093	58,164	309,794
Disposals	-	(17,529)	-	(17,529)
At 31st March 2002	1,235,197	49,803	175,653	1,460,653
Net book value				
At 31st March 2002	1,550,150	1,721	157,800	1,709,671
At 31st March 2001	1,210,779	21,437	194,912	1,427,128

Assets held under finance leases and hire purchase originally cost £1,995,685 (2001: £1,645,080) and have a net book value of £1,336,490 (2001: £1,062,549). Depreciation charged for the year was £192,210 (2001: £200,373).

8 Stocks

	2002 £	2001 £
Raw materials	85,928	64,724
Work in progress	201,100	145,904
	287,028	210,628

9 Debtors

	2002 £	2001 £
Trade debtors	703,114	855,723
Amounts owed by related companies	440,304	779,777
Other debtors	3,300	3,000
Prepayments and accrued income	141,391	96,368
	1,288,109	1,734,868

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002

10	Creditors: amounts falling due within one year	2002	2001
		£	£
	Obligations under hire purchase and finance lease (Note 13)	359,456	334,312
	Trade creditors	530,534	1,267,407
	Amounts owed to associated undertakings (Note 12)	50,344	39,087
	Corporation tax	42,150	(24,331)
	Other taxes and social security	59,602	51,989
	Other creditors	15,816	8,119
	Accruals and deferred income	66,213	78,756
		<u>1,124,115</u>	<u>1,755,339</u>
11	Creditors: amounts falling due after more than one year	2002	2001
		£	£
	Obligations under hire purchase and finance lease (Note 13)	784,165	553,810
		<u>784,165</u>	<u>553,810</u>
12	Loans and borrowings	2002	2001
		£	£
	Analysis of loans		
	Obligations under hire purchase and finance lease	1,143,621	888,122
	Amounts owed to associated undertakings	50,344	39,087
		<u>1,193,965</u>	<u>927,209</u>
	Maturity of debt		
	In one year or less, or on demand	50,344	39,087
		<u>50,344</u>	<u>39,087</u>
13	Obligations under hire purchase and finance leases	2002	2001
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	359,456	334,312
	In the second to fifth years inclusive	784,165	547,262
	In more than five years	-	6,548
		<u>1,143,621</u>	<u>888,122</u>

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002

14 Deferred taxation

Deferred taxation provided and unprovided for in the accounts is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 30% (2001 30%).

	Amount unprovided	
	2002	2001
	£	£
Accelerated capital allowances	222,965	173,891
	<u>222,965</u>	<u>173,891</u>

15 Share capital

	2002	2001
	£	£
Authorised		
Equity shares		
10,800 Ordinary shares of £1.00 each	10,800	10,800
12,000 Preference shares of £1.00 each	12,000	12,000
	<u>22,800</u>	<u>22,800</u>
Allotted		
Equity shares		
8,000 Allotted, called up and fully paid ordinary shares of £1.00 each	8,000	8,000
	<u>8,000</u>	<u>8,000</u>

16 Reconciliation of movement in shareholders' funds

	2002	2001
	£	£
Profit for the financial year	323,489	193,014
Increase in the shareholders' funds	323,489	193,014
Opening shareholders' funds	1,081,443	888,429
Closing shareholders' funds	<u>1,404,932</u>	<u>1,081,443</u>

17 Pension scheme

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

The total contributions paid in the year amounted to £48,548 (2001 £44,133).

18 Contingent assets/liabilities

The company has a mortgage debenture in favour of National Westminster Bank plc. It is also party to a composite guarantee with Woodpecker Plc, its holding company, and Adpads Limited and Lockie Limited, fellow subsidiaries, in favour of National Westminster Bank Plc.

MIDS & HORSEY LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002

19 Related parties

In the directors' opinion the company's ultimate parent company and controlling party is Woodpecker Plc which is incorporated in England. Copies of its group accounts are available from the registered office.

During the year the company paid £163,617 (2001: £524,641) management fees and £132,000 (2001: £72,000) rent to related companies.