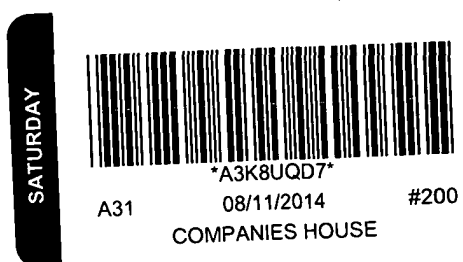


**A B GRAPHIC INTERNATIONAL LIMITED**

**Annual Report and Financial Statements**

**For the year ended 30 April 2014**



# **A B GRAPHIC INTERNATIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2014**

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# **A B GRAPHIC INTERNATIONAL LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

M P Burton (Chairman)  
C N Burton  
D W Kirkham  
T W H Bell  
L J Lowde  
D Lawson

### **SECRETARY**

L J Lowde

### **REGISTERED OFFICE**

Celebration House  
Stanley Street  
Burton on Trent  
Staffordshire  
DE14 1DY

### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds, United Kingdom

# **A B GRAPHIC INTERNATIONAL LIMITED**

## **STRATEGIC REPORT**

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 30 April 2014.

## **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was precision engineering and the design and manufacture of machines and materials, principally for the paper and converting trade. There have been no significant changes in the company's principal activities in the year under review.

The directors are satisfied with the results for the year and believe the company is well placed to support further developments and growth for the future.

The directors regard R&D as essential for continuing success in the medium to long term future.

There have been no significant events since the balance sheet date.

## **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £2,559,067 (2013: £2,063,850). Dividends of £nil (2013: £nil), were paid during the year.

## **KEY PERFORMANCE INDICATORS**

One of the financial key performance indicators used within the company is the return on capital employed in terms of operating profit before taxation. The return for the current year is 19.28% compared with 17.57% in the prior year. The profit and loss on page 6 of the financial statements shows that the company made a profit before tax of £2,792,041 (2013: £2,016,600). The directors consider the number of employees to be a key non financial key performance indicator with average staff numbers increasing in the year to 222 (2013: 202).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

Competitive pressure in the market is a continuing risk for the company, which could result in losing sales to other competitors, both in the UK and overseas. The company manages this risk by forming and maintaining strong relationships with all customers, offering and justifying value added services, which the company feels it is uniquely experienced to provide and has extensive knowledge of the market. The company also strives to continually improve levels of service and technical expertise on offer to its customers.

The company exports worldwide and also imports in other currencies than sterling, primarily Euros and US Dollars. The company is therefore exposed to the movement in rates of exchange against sterling. The company manages this risk by operating bank accounts in both Euros and US Dollars in order to facilitate the payment to suppliers in the same currency as received from customers and therefore reducing the need to exchange currency via sterling. The company also enters into foreign currency forward contracts in order to hedge exposure to foreign exchange risks for any anticipated surplus or deficit although the company had no open contracts at the year end or prior year end.

The company continues to be cash generative from operations, has no external debt and the directors consider it to be in a strong position to operate through these difficult economic times. See note 1 to the financial statements for more details of the directors' consideration of going concern.

## **ENVIRONMENT**

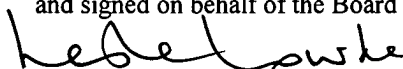
The company is committed to preventing any possible adverse effects upon the environment and people, arising from its activities.

The company seeks to minimise wherever possible the volume of waste it creates as a result of its activities. However some waste is inevitable and where possible this is consolidated for reprocessing or recycling. Only licensed, approved specialist waste disposal contacts are used where disposal is the only option available.

## **EMPLOYEES**

The company policy is to keep employees informed on matters relevant to them as employees through regular meetings and notices.

Approved by the Board of Directors  
and signed on behalf of the Board



**L J Lowde**

Company Secretary

23 October 2014

# **A B GRAPHIC INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 30 April 2014.

### **DIRECTORS**

The current directors of the company and those who served during the year are listed on page 1.

During the year, Mr C N Burton and Mr M P Burton were also directors of the ultimate parent company, GHB (Holding) Limited.

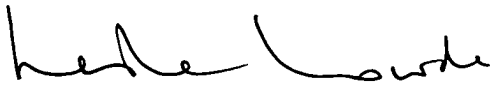
### **AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board



**L J Lowde**  
Company Secretary

23 October 2014

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A B GRAPHIC INTERNATIONAL LIMITED**

We have audited the financial statements of A B Graphic International Limited for the year ended 30 April 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash flow Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Matthew Hughes Bsc (Hons) ACA (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, United Kingdom

4/4/2014

# A B GRAPHIC INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 April 2014

	Note	2014 £	2013 £
<b>TURNOVER</b>	2	34,794,340	30,255,475
Cost of sales		(28,585,979)	(24,885,673)
<b>GROSS PROFIT</b>		6,208,361	5,369,802
Distribution costs		(1,025,970)	(1,131,784)
Administrative expenses		(2,665,314)	(2,432,296)
<b>OPERATING PROFIT</b>	3	2,517,077	1,805,722
Interest receivable	6	35,352	55,768
Other finance charges	7	33,000	37,000
Dividend receivable	8	206,612	118,110
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,792,041	2,016,600
Tax on profit on ordinary activities	9	(232,974)	47,250
<b>PROFIT FOR THE FINANCIAL YEAR</b>	20	2,559,067	2,063,850

All amounts are derived from continuing operations.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 30 April 2014

	2014 £	2013 £
Profit for the financial year	2,559,067	2,063,850
Actuarial gain/(loss) relating to pension schemes	279,000	(1,008,000)
Deferred tax movement associated with actuarial gain/loss	(56,000)	232,000
<b>Total recognised gains and losses in the year and since last financial statements</b>	<b>2,782,067</b>	<b>1,287,850</b>



# A B GRAPHIC INTERNATIONAL LIMITED

## BALANCE SHEET

As at 30 April 2014

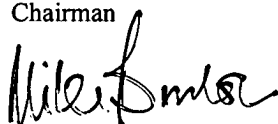
	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	10	2,501,494	2,297,130
Investments	11	19,568	19,568
		<u>2,521,062</u>	<u>2,316,698</u>
<b>CURRENT ASSETS</b>			
Stocks	12	6,359,726	6,369,630
Debtors	13	7,887,230	5,374,621
Cash on term deposit		2,348,814	3,871,781
Cash at bank and in hand		3,834,613	1,796,624
		<u>20,430,383</u>	<u>17,412,656</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(9,878,655)</u>	<u>(7,940,018)</u>
<b>NET CURRENT ASSETS</b>		<u>10,551,728</u>	<u>9,472,638</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,072,790</u>	<u>11,789,336</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	15	-	(47,382)
<b>Accruals and deferred income</b>			
Deferred government grants	16	<u>(14,185)</u>	<u>(17,416)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>13,058,605</u>	<u>11,724,538</u>
Pension liability	22	-	(1,448,000)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>13,058,605</u>	<u>10,276,538</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	20,000	20,000
Share premium account	20	329	329
Profit and loss account	20	<u>13,038,276</u>	<u>10,256,209</u>
<b>SHAREHOLDERS' FUNDS</b>	20	<u>13,058,605</u>	<u>10,276,538</u>

The financial statements of AB Graphic International Limited, registered number 538043, were approved by the Board of Directors on 23 October 2014.

Signed on behalf of the Board of Directors

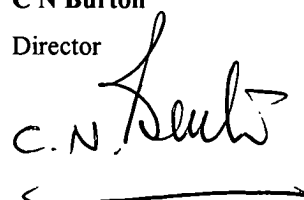
M P Burton

Chairman



C N Burton

Director



# A B GRAPHIC INTERNATIONAL LIMITED

## CASH FLOW STATEMENT

For the year ended 30 April 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	21 (a)	928,560	1,455,853
Returns on investments and servicing of finance	21 (b)	241,964	173,878
Taxation	21 (c)	10,280	(34,136)
Capital expenditure and financial investment	21 (d)	(665,782)	(811,505)
Management of liquid resources	21 (e)	1,522,967	(55,394)
Increase in cash		<u>2,037,989</u>	<u>728,696</u>

### Reconciliation of net cash flow to movement in net funds

	Note	2014 £	2013 £
Increase in cash	21 (f)	2,037,989	728,696
Cash (outflow)/inflow from movement in liquid resources	21 (f)	<u>(1,522,967)</u>	<u>55,394</u>
Movement in net funds		515,022	784,090
Net funds at 1 May	21 (f)	<u>5,668,405</u>	<u>4,884,315</u>
Net funds at 30 April	21 (f)	<u>6,183,427</u>	<u>5,668,405</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 April 2014**

**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

**Basis of accounting**

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

**Basis of preparation**

The company is exempt from the requirement to prepare group financial statements because it is a wholly owned subsidiary of GHB (Holding) Limited and GHB (Holding) Limited has prepared audited consolidated financial statements to the same date. Accordingly the financial statements present information about the company as an individual undertaking.

**Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report.

The company has considerable cash resources and no external debt. It has a well diversified customer portfolio, and supply contracts with a number of suppliers across different geographical areas and industries.

As a consequence, the directors believe that the company is well placed to manage its business risks successfully going forward.

After making enquiries and taking into account the uncertain economic outlook, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

**Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the assets over their estimated useful lives and has been applied on the following basis and rates during the year:

Freehold buildings (land not depreciated)	- 2% straight line
Plant and machinery	- 10 – 33% straight line
Fixtures, fittings and equipment	- 10 – 25% straight line
Motor vehicles	- 25% - 33% straight line

**Government grants**

Government grants in respect of capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to the profit and loss account over the life of the project to which they relate.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables – actual purchase price

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads.

Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 April 2014**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are stated at cost less provision for impairment.

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

**Pension costs**

Certain employees are members of a defined benefit pension scheme operated by the ultimate parent undertaking. The scheme is closed to new members and further accrual. Under Financial Reporting Standard 17 'Retirement Benefits', the pension scheme assets in respect of these guarantees are measured using fair values whilst the pension liabilities are measured using a projected unit method and discounted using an appropriate discount rate. The pension liability is recognised in full, net of assets and deferred tax, and presented on the face of the balance sheet. The movement in the deficit is split between finance charges in the profit and loss account and in the statement of total recognised gains and losses. The expected return on assets is credited to other financing costs. The actuarial gain or loss is charged through the statement of total recognised gains and losses and is made up of the difference between the expected return on assets and those actually achieved and any changes in the assumptions and experiences used in the valuations.

Employees are eligible to join a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Certain directors of the company are members of a small self-administered defined contribution scheme. Contributions are made by the ultimate parent company, GHB (Holding) Limited and relevant details are disclosed in that company's financial statements.

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is wholly derived from the company's principal continuing activities. Turnover is recognised on despatch of goods.

An analysis of turnover by geographical market is given below.

	2014 £	2013 £
United Kingdom	3,963,075	4,686,573
Other European countries	15,619,179	8,807,369
Other	15,212,086	16,761,533
	<u>34,794,340</u>	<u>30,255,475</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of owned fixed assets	488,476	423,143
Profit on disposal of fixed assets	(27,058)	(28,369)
Loss/(Profit) on foreign currency translation	112,566	(65,704)
Government grants released	(3,231)	(3,426)
Research and development expenditure	93,607	160,877
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's financial statements	23,700	22,575
Fees payable to the company's auditor for other services pursuant to legislation :-		
Corporation tax compliance	-	4,000
Research and development tax reclaim	23,500	37,364
	<u>23,500</u>	<u>37,364</u>

### 4. STAFF COSTS

	2014 £	2013 £
Wages and salaries	6,516,740	5,817,750
Social security costs	625,112	563,117
Other pension costs	328,769	297,834
	<u>7,470,621</u>	<u>6,678,701</u>

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

	2014 No.	2013 No.
Production	175	157
Management, Administration and Sales	47	45
	<u>222</u>	<u>202</u>

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 5. DIRECTORS' EMOLUMENTS

	2014 £	2013 £
Emoluments	640,415	589,216
Pension contributions	74,855	17,931
Remuneration of the highest paid director		
Emoluments	226,848	207,586
Pension contributions	32,285	5,977

Two (2013: two) of the directors are members of a self-administered defined contribution pension scheme. Contributions are made by the ultimate parent company, GHB (Holding) Limited, and relevant details are disclosed in that company's financial statements.

### 6. INTEREST RECEIVABLE

	2014 £	2013 £
Bank interest receivable	35,352	55,768

### 7. OTHER FINANCE CHARGES

	2014 £	2013 £
Expected return on pension scheme assets	369,000	272,000
Interest on pension scheme liabilities	(265,000)	(235,000)
Provision against pension surplus	(71,000)	-
	33,000	37,000

### 8. DIVIDEND RECEIVABLE

	2014 £	2013 £
Dividend receivable from associated undertaking	206,612	118,110

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
United Kingdom corporation tax at 22.84% (2013: 23.92%)	6,548	21,338
Adjustment in respect of prior years	(1,233)	(112,386)
<b>Total current tax</b>	<b>5,315</b>	<b>(91,048)</b>
Deferred taxation:		
Origination and reversal of timing differences	193,640	46,206
Adjustments in respect of prior years	34,019	(9,546)
Effect of changes in tax rates	-	7,138
<b>Tax charge/(credit) on profit on ordinary activities</b>	<b>232,974</b>	<b>(47,250)</b>

#### Factors affecting current tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 22.84% (2013: 23.92%). The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation:

	2014 £	2013 £
<b>Profit on ordinary activities before taxation</b>	<b>2,792,041</b>	<b>2,106,600</b>
Tax on profit on ordinary activities at standard rate	637,580	482,327
<i>Factors affecting charge for the year</i>		
Research and development tax credits	(418,740)	(381,162)
Expenses not deductible for tax purposes	3,690	4,376
Capital allowances in excess of depreciation	(16,432)	32,484
Movement in FRS 17 pension liability	(165,270)	(241,092)
Income not taxable	(47,071)	(28,249)
Utilisation of tax losses	-	(9,748)
Movements in short term timing differences	12,790	162,402
Prior year adjustments	(1,233)	(112,386)
<b>Total current tax charge/(credit)</b>	<b>5,315</b>	<b>(91,048)</b>

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 May 2013	535,948	2,831,651	970,729	329,881	4,668,209
Additions	262,517	207,824	185,110	116,031	771,482
Disposals	-	(275,604)	(6,024)	(102,949)	(384,577)
At 30 April 2014	798,465	2,763,871	1,149,815	342,963	5,055,114
<b>Depreciation</b>					
At 1 May 2013	104,460	1,518,171	578,544	169,904	2,371,079
Provided during the year	12,450	239,811	143,035	93,180	488,476
Disposals	-	(212,555)	(6,006)	(87,374)	(305,935)
At 30 April 2014	116,910	1,545,427	715,573	175,710	2,553,620
<b>Net book value</b>					
At 30 April 2014	681,555	1,218,444	434,242	167,253	2,501,494
At 30 April 2013	431,488	1,313,480	392,185	159,977	2,297,130

### 11. INVESTMENTS

	Shares in group undertakings £	Interest in associated companies £	Total £
<b>Cost</b>			
At 1 May 2013 and 30 April 2014	15,756	19,568	35,324
<b>Amounts provided</b>			
At 1 May 2013 and 30 April 2014	(15,756)	-	(15,756)
<b>Net book value</b>			
At 30 April 2013 and 30 April 2014	-	19,568	19,568

Subsidiary undertaking	Country of incorporation	Nature of business	Proportion of issued equity capital held
Burton Engineering Company Limited	England and Wales	Dormant	100%
A B Graphic Machinery (Espana) SA	Spain	Supply of print machinery	50%

### 12. STOCKS

	2014 £	2013 £
Raw materials	1,799,095	1,647,783
Work in progress	2,784,588	3,106,244
Finished goods	1,776,043	1,615,603
	6,359,726	6,369,630

There is no material difference between the balance sheet value of stocks and their replacement cost.



# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 13. DEBTORS

	2014 £	2013 £
Trade debtors	2,136,499	1,568,932
Amounts owed by group undertakings	4,103,283	3,086,826
Other debtors	280,486	252,133
Prepayments and accrued income	753,039	294,431
Amounts owed by related parties (note 18)	-	7,625
Amounts due from associated undertaking	512,964	155,627
Corporation tax	-	9,047
Deferred tax asset(note 15)	100,959	-
	<u>7,887,230</u>	<u>5,374,621</u>

All amounts are due within one year.

### 14. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Payments received on account	3,067,693	2,664,269
Trade creditors	4,998,741	3,599,174
Amounts owed to group undertakings	110,125	109,829
Corporation tax	6,548	-
Other taxation and social security costs	256,135	231,484
Accruals and deferred income	1,439,413	1,335,262
	<u>9,878,655</u>	<u>7,940,018</u>

### 15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 May 2013	47,382
Profit and loss account movement arising during the year	(148,341)
	<u>(100,959)</u>
Deferred tax asset as at 30 April 2014	<u>(100,959)</u>

The amounts of deferred tax provided and unprovided in the financial statements are:

	Provided 2014 £	2013 £	Unprovided 2014 £	2013 £
Capital allowances in excess of depreciation	85,521	47,382	-	-
Short term timing differences	(186,480)	-	-	-
	<u>(100,959)</u>	<u>47,382</u>	<u>-</u>	<u>-</u>

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 16. ACCRUALS AND DEFERRED INCOME

	Deferred government grants £
Balance as at 1 May 2013	17,416
Released during the year	(3,231)
	<hr/>
Balance at 30 April 2014	14,185
	<hr/>

### 17. CONTINGENT LIABILITY

The company has given unlimited multilateral guarantees in respect of amounts due to the bank by its ultimate parent and fellow subsidiary undertakings. At 30 April 2014 the amounts due by these companies were £nil (2013: £nil).

### 18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are wholly owned members of the GHB (Holding) Limited Group.

At the balance sheet date, the amount due from Celebration Holdings Limited and Celebration Paper and Plastics Limited a company with common directors is £nil (2013: £7,625).

### 19. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid 20,000 Ordinary shares of £1 each	20,000	20,000
	<hr/>	<hr/>

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 20. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
At 30 April 2012	20,000	329	8,968,359	8,988,688
Profit for the year	-	-	2,063,850	2,063,850
Actuarial loss relating to pension scheme	-	-	(1,008,000)	(1,008,000)
Deferred tax movement on actuarial loss	-	-	232,000	232,000
At 30 April 2013	20,000	329	10,256,209	10,276,538
Profit for the year	-	-	2,559,067	2,559,067
Actuarial loss relating to pension scheme	-	-	279,000	279,000
Deferred tax movement on actuarial loss	-	-	(56,000)	(56,000)
At 30 April 2014	20,000	329	13,038,276	13,058,605

### 21. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2014 £	2013 £
Operating profit	2,517,077	1,805,722
Depreciation	488,476	423,143
Profit on disposal of fixed assets	(27,058)	(28,369)
Deferred government grants released	(3,231)	(3,426)
Defined benefit pension scheme credit less contributions paid	(1,568,000)	(292,000)
Decrease/(increase) in stocks	9,904	(829,459)
(Increase)/decrease in debtors	(2,420,697)	757,736
Increase/(decrease) in creditors	1,932,089	(377,494)
Net cash inflow from operating activities	928,560	1,455,853

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 21. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(b) Return on investments and servicing of finance

	2014 £	2013 £
Dividend received	206,612	118,110
Interest received	35,352	55,768
	<u>241,964</u>	<u>173,878</u>

(c) Taxation

	2014 £	2013 £
Corporation tax paid	10,280	(34,136)

(d) Capital expenditure and financial investment

	2014 £	2013 £
Payments to acquire tangible fixed assets	(771,482)	(856,427)
Receipts from sales of tangible fixed assets	105,700	44,922
	<u>665,782</u>	<u>(811,505)</u>

(e) Management of liquid resources

	2014 £	2013 £
Cash withdrawn /(placed on) term deposit	1,522,967	(55,394)

(f) Analysis of changes in net funds

	At 1 May 2013 £	Cash flows £	At 30 April 2014 £
Cash at bank and in hand	1,796,624	2,037,989	3,834,613
Cash on term deposit	3,871,781	(1,522,967)	2,348,814
	<u>5,668,405</u>	<u>56,022</u>	<u>6,183,427</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 April 2014**

**22. PENSION COMMITMENTS**

Certain company employees are members of a defined benefit pension scheme operated by GHB (Holding) Limited (the "Scheme"). This includes employees of AB Graphic International Limited, the parent undertaking GHB (Holding) Limited and related party Celebration Paper and Plastics Limited. The scheme is closed to new entrants and the accrual of future benefits.

The valuation used for Financial Reporting Standard No 17 ("FRS 17") disclosures has been based on the most recent actuarial valuation as at 5 April 2013 and updated by First Actuarial plc to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 April 2014. Scheme assets are stated at their market value at the respective balance sheet dates.

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Main assumptions:			
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase in pension in payment	2.50	2.50	2.40
Rate of increase in deferred pensions	2.60	2.60	2.50
Discount rate	4.30	4.10	4.70
Inflation assumption	3.60	3.60	3.50

The assumed life expectations on retirement at age 65 are:

	<b>2014</b>	<b>2013</b>
	<b>Years</b>	<b>Years</b>
Retiring today:		
Males	21.9	22.0
Females	24.1	24.3
Retiring in 20 years:		
Males	23.3	23.4
Females	25.7	25.9

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest cost	(265,000)	(235,000)
Expected return on scheme assets	369,000	272,000
Provision against pension surplus	(71,000)	-
	<u>33,000</u>	<u>37,000</u>

Actuarial gains and losses have been reported in the statement of total recognised gains and losses.

The actual return on scheme assets was £355,000 (2013: £580,000).

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £(2,315,000) (2013: £(2,594,000)).

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 22. PENSION COMMITMENTS (continued)

Movements in the present value of defined benefit obligations were as follows:

	2014 £	2013 £
At 1 May	6,517,000	5,042,000
Interest cost	265,000	235,000
Actuarial (gains)/losses	(293,000)	1,316,000
Benefits paid	(112,000)	(76,000)
At 30 April	<u>6,377,000</u>	<u>6,517,000</u>

Movements in the fair value of scheme assets were as follows:

	2014 £	2013 £
At 1 May	4,637,000	3,841,000
Expected return on scheme assets	369,000	272,000
Actuarial (losses)/gains	(14,000)	308,000
Contributions from the sponsoring companies	1,568,000	292,000
Benefits paid	(112,000)	(76,000)
At 30 April	<u>6,448,000</u>	<u>4,637,000</u>

The assets and liabilities of the scheme attributed to A B Graphic International Limited and the expected rate of return at 30 April are:

	2014		2013		2012	
	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £
Equities	8.0	5,339,000	8.0	3,570,000	8.0	2,804,000
Bonds	3.9	793,000	4.0	696,000	4.0	537,000
Others	3.9	316,000	4.0	371,000	4.0	500,000
Total market value of assets		6,448,000		4,637,000		3,841,000
Present value of scheme liabilities		(6,377,000)		(6,517,000)		(5,042,000)
Surplus/(Deficit) in the scheme		71,000		(1,880,000)		(1,201,000)
Unrecognised pension surplus		(71,000)		-		-
Related deferred tax asset		-		432,000		288,000
Net pension deficit		<u>-</u>		<u>(1,448,000)</u>		<u>(913,000)</u>

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2014

### 22. PENSION COMMITMENTS (CONTINUED)

The five year history of experience adjustments is as follows:

	2014 £	2013 £	2012 £	2011 £	2010 £
Present value of defined benefit Obligations	(6,377,000)	(6,517,000)	(5,042,000)	(4,715,000)	(4,552,000)
Fair value of scheme assets	6,448,000	4,637,000	3,841,000	3,581,000	3,226,000
Surplus/(Deficit) in the scheme	71,000	(1,880,000)	(1,201,000)	(1,134,000)	(1,326,000)
Experience adjustments on scheme liabilities (£)	293,000	(1,316,000)	(192,000)	26,000	(967,000)
Percentage of scheme liabilities (%)	5	20	4	1	21
Experience adjustments on scheme assets (£)	(14,000)	308,000	(164,000)	85,000	552,000
Percentage of scheme assets (%)	-	7	(4)	2	17

There are no contributions expected in relation to the defined benefit scheme for the year ended 30 April 2015 due to the one off contribution of £1,568,000 made during the year to eliminate the FRS 17 pension scheme deficit.

Certain directors of the company are members of a self administered fund defined contribution scheme. Contributions are made by the ultimate parent company and relevant details are disclosed in the company's financial statements.

Other employees are eligible to join a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independent administered fund. There are no amounts accrued or prepaid at the year end or previous year end.

The total contributions paid by the company during the year to the schemes were £384,769 (2013: £297,834). The amount outstanding at the year end was £56,000 (2013: £nil).

The directors expect the company's contributions to the defined contribution scheme in the year ending 30 April 2015 to be in line with those in the year ended 30 April 2014.

### 23. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking is GHB (Holding) Limited, registered in England and Wales. Copies of the accounts of GHB (Holding) Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff.

In the opinion of the directors the ultimate controlling party is the Burton family.