

PRECISION PRINTING PLATES LIMITED

COMPANY NUMBER:- 698704

DIRECTORS' REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 1997



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*McELHINNEY*  
*HUGHES*

Portland House  
431 Chester Road  
Old Trafford  
Manchester M16 9HA  
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# **PRECISION PRINTING PLATES LIMITED**

## **Company Information**

<b>Directors</b>	Mr S Rogers Mr G Smith Mr N Smith Mr C Swift
<b>Secretary</b>	Mr G Smith
<b>Company Number</b>	698704
<b>Registered Office</b>	Philips Park Road Beswick Manchester M11 3FU
<b>Auditors</b>	McElhinney Hughes Chartered Certified Accountants and Registered Auditors Portland House 431 Chester Road Old Trafford Manchester M16 9HA

PRECISION PRINTING PLATES LIMITED

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## PRECISION PRINTING PLATES LIMITED

### DIRECTORS' REPORT

The Directors present their Report and the Financial Statements for the year ended 31st July 1997.

#### 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 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 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.

#### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activity continues to be that of Manufacturers of Printing Plates.

The results for the year are set out on page 4.

The Directors were disappointed to report continued losses resulting from severely depressed trading conditions. Further rationalisations were made during the year following on from those in the previous year.

#### DIVIDENDS

The Directors do not recommend a final dividend and the retained losses of £72,293 (1996 - £93,826) will be deducted from reserves.

#### FUTURE DEVELOPMENTS

The Directors intend to continue to rationalise the cost base of the Company and are cautiously optimistic about a return to profitability in the near future.

#### FIXED ASSETS

Details of movements in fixed assets are set out in Note 8 to the financial statements.

In the opinion of the Directors, the value of the Company's freehold and long leasehold land and buildings is not materially different from the Book Value (as revalued) included in these financial statements.

PRECISION PRINTING PLATES LIMITED

DIRECTORS' REPORT (CONT/D)

DIRECTORS

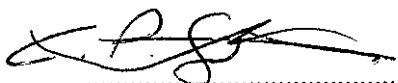
The Directors who served during the year and their beneficial interest in the Company's issued ordinary share capital were:-

	<u>1997</u>	<u>1996</u>
Mr B R Chambers (Resigned 1.8.1996)	-	-
Mr S Rogers	-	-
Mr G Smith	75000	75000
Mr N Smith (Appointed 1.8.1996)	-	-
Mr C Swift (Appointed 1.8.1996)	-	-

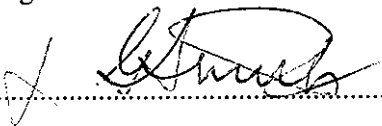
AUDITORS

The auditors, McElhinney Hughes will be proposed for reappointment in accordance with Section 385, of the Companies Act 1985.

This report was approved by the Board on

 1/4/98 (Date)

Signed on behalf of the Board of Directors



G SMITH

(Secretary)

## AUDITORS' REPORT TO THE SHAREHOLDERS OF PRECISION PRINTING PLATES LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 7 and 8.

### 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

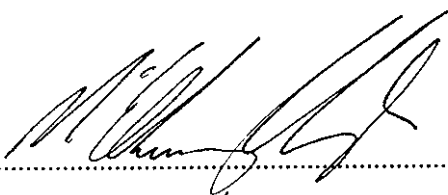
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and 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 mis-statement, 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 31st July 1997 and of its loss for the year then ended and have been properly prepared in accordance with the requirements of the Companies Act 1985.

Signed .....



Dated .....

1/4/98

McELHINNEY HUGHES  
Chartered Certified Accountants and Registered Auditors  
Portland House  
431 Chester Road  
Old Trafford  
Manchester  
M16 9HA

PRECISION PRINTING PLATES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JULY 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		<u>£</u>	<u>£</u>
<u>TURNOVER</u>	2	2427908	2257055
<u>Less:</u> (Decrease) in Stocks		(1318)	(9434)
		<hr/>	<hr/>
		2426590	2247621
<u>Less:</u> Purchases and Consumables		784684	754916
Staff Costs	3	1043732	1020261
Depreciation and Loss on Sale of Assets		203462	182074
Other Operating Charges		379325	318562
		<hr/>	<hr/>
<u>OPERATING (LOSS)/PROFIT</u>	4	15387	(28192)
Interest Payable	5	88234	65634
Interest Receivable		(554)	65634
		<hr/>	<hr/>
<u>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		(72293)	(93826)
<u>TAX ON (LOSS) ON ORDINARY ACTIVITIES</u>	6	-	-
		<hr/>	<hr/>
<u>(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</u>		(72293)	(93826)
<u>RETAINED EARNINGS BROUGHT FORWARD</u>		187136	278596
Transfer from Revaluation Reserve		2366	2366
		<hr/>	<hr/>
<u>RETAINED EARNINGS CARRIED FORWARD</u>		117209	187136
		<hr/>	<hr/>

There were no recognised gains or losses other than those included in the Profit and Loss Account.

The attached notes on pages 7 - 15 form an integral part of these Accounts.

PRECISION PRINTING PLATES LIMITED

NOTE OF HISTORIAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31ST JULY 1997

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Reported (loss) on ordinary activities before taxation	(72293)	(93826)
Difference between a historical cost depreciation charge and the actual depreciation charge on the revalued amount	2179	2179
	<hr/>	<hr/>
Historical cost (loss) on ordinary activities before taxation	(70114)	(91647)
	<hr/>	<hr/>
Historical cost (loss) for the year retained after taxation and dividends	(70114)	(91647)
	<hr/>	<hr/>

The attached Notes on pages 7 - 15 form an integral part of these accounts.



PRECISION PRINTING PLATES LIMITED

BALANCE SHEET

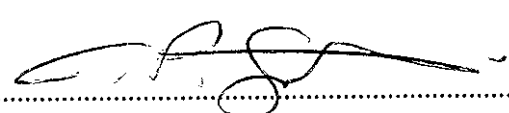
AS AT 31ST JULY 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible Assets	7	1163871	1114792
<u>CURRENT ASSETS</u>			
Stocks	8	41156	44530
Debtors	9	601992	605382
Cash in Hand		1953	1814
		<hr/>	<hr/>
		645101	651726
<u>LESS: CREDITORS</u> Amounts Falling Due Within One Year	10	1073900	931971
		<hr/>	<hr/>
<u>NET CURRENT LIABILITIES</u>		428799	280245
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS</u> <u>CURRENT LIABILITIES</u>		735072	834547
<u>LESS: CREDITORS</u> Amounts Falling Due After More Than One Year	10	238339	265521
		<hr/>	<hr/>
<u>NET ASSETS</u>		496733	569026
		<hr/>	<hr/>
<u>CAPITAL AND RESERVES</u>			
Called-Up Share Capital	13	150000	150000
Profit and Loss Account		117209	187136
Revaluation Reserve	14	229524	231890
		<hr/>	<hr/>
<u>SHAREHOLDERS' FUNDS - ALL EQUITY</u>	15	496733	569026
		<hr/>	<hr/>

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON THEIR BEHALF ON

.....14/98.....X.....

SIGNED .....X.....) MR G SMITH (DIRECTOR)

SIGNED .....X.....) MR C SWIFT (DIRECTOR)

The attached Notes on pages 7 to 15 form an integral part of these Accounts.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Accounts

The financial statements are prepared under the Historical Cost Convention as modified by the Revaluation of Freehold and Leasehold Property and include the results of the Company's operations which are described in the Directors' Report and all of which are continuing. The Company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Accounting for Tangible Fixed Assets

Tangible Fixed Assets are stated at cost or valuation less depreciation.

Expenditure on tangible fixed assets including those subject to hire purchase agreements is capitalised.

1.3 Depreciation

Depreciation has been generally provided on a reducing balance basis. This provision is estimated to write off the cost of the Assets over their estimated effective lives at the following rates:-

Computerised Production Equipment	25%
Motor Vehicles	25%
Office Equipment	20%
Plant, Fixtures and Equipment	10%

The following are depreciated on a straight line basis on cost or valuation:-

Factory Premises	1%	(On Valuation)
Management Information Systems	33.33%	(On Cost)

1.4 Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor, are charged to Profit and Loss Account as incurred.

1.5 Stocks and Work-in-Progress

Stocks and Work-in-Progress are valued consistently at the lower of cost and Net Realisable Value. Net Realisable Value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

1.6 Staff Pension Costs

The Company pays annual contributions into a fully insured defined contribution pension scheme covering present Directors and senior employees. The pension charge represents the amounts payable by the Company to the fund in respect of the year.

PRECISION PRINTING PLATES LIMITED

NOTES TO THE ACCOUNTS (CONT/D)

1. ACCOUNTING POLICES (CONT/D)

1.7 Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company, net of Value Added Tax and trade discounts.

1.8 Deferred Taxation

The Directors are of the opinion that no provision for Deferred Taxation is necessary in the Financial Statements of the Company. The Directors intend to continue their policy of fixed asset re-investment over the forthcoming years and consequently it is expected that no reversal of timing differences will occur.

2. TURNOVER

The whole of the turnover and profit before taxation is attributable to the manufacture of printing plates and those services ancillary thereto.

A geographical analysis of turnover is as follows:-

	<u>1997</u> £	<u>1996</u> £
United Kingdom	2400419	2248524
Europe	27489	8531
	<hr/>	<hr/>
	2427908	2257055
	<hr/> <hr/>	<hr/> <hr/>

During the year the Company exported 1.1% of its turnover (1996 - 0.4%).

3. STAFFING AND STAFF COSTS

Staff Costs, including Directors' emoluments were:-

	<u>1997</u> £	<u>1996</u> £
Wages and Salaries	936181	912919
Social Security Costs	92473	91040
Other Pension Costs	15078	16302
	<hr/>	<hr/>
	1043732	1020261
	<hr/> <hr/>	<hr/> <hr/>

PRECISION PRINTING PLATES LIMITED

NOTES TO THE ACCOUNTS (CONT/D)

3. STAFFING AND STAFF COSTS (CONT/D)

The average weekly number of employees during the year was 45 (1996 - 45) and these were engaged in the following activities:-

	<u>1997</u>	<u>1996</u>
Directors	4	3
Administrative and Clerical	10	15
Production	31	27
	—	—
	45	45
	==	==

4. OPERATING LOSS

Operating Loss is stated after charging the following:-

	<u>1997</u>	<u>1996</u>
	£	£
Depreciation	202319	178123
Loss on Sale of Assets	1143	3951
Auditors' Remuneration	7835	7355
Directors' Remuneration	172839	119765
Director's' Compensation for Loss of Office	30517	-
Equipment Hire - Plant and Machinery	56913	32868
- Office Equipment	13786	13786

PRECISION PRINTING PLATES LIMITED

NOTES TO THE ACCOUNTS (CONT/D)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
On Loans Repayable Wholly or In Part After 5 Years:-		
Bank Loans (repayable by instalments)	21910	12415
On Loans Repayable Within 5 Years:-		
Overdrafts	27960	31838
Hire Purchase Contracts (Repayable by Instalments)	38364	21381
	<u>88234</u>	<u>65634</u>

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES

There was no charge to United Kingdom Corporation Tax for the year. (1996 - £Nil).

If full provision had been made at the Balance Sheet date for the potential amount of Deferred Taxation this would have amounted to approximately £52,000 (1996 - £57,000).

7. TANGIBLE FIXED ASSETS

<u>COST/VALUATION</u>	<u>Balance</u> <u>1.8.1996</u>	<u>Disposals</u>	<u>Additions</u>	<u>Balance</u> <u>31.7.1997</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Management Information Systems	62920	-	-	62920
Computerised Production Equipment	509369	-	302347	811716
Plant, Fixtures and Equipment	518142	-	4518	522660
Motor Vehicles	212660	134830	14227	92057
<u>Factory Premises</u>				
Freehold	23530	-	-	23530
Long Leasehold	476470	-	-	476470
	<u>1803091</u>	<u>134830</u>	<u>321092</u>	<u>1989353</u>

PRECISION PRINTING PLATES LIMITED

NOTES TO THE ACCOUNTS (CONT/D)

7. TANGIBLE FIXED ASSETS (CONT/D)

<u>DEPRECIATION</u>	<u>Balance</u> <u>1.8.1996</u>	<u>Eliminated</u> <u>on Disposal</u>	<u>Provided</u> <u>in the Year</u>	<u>Balance</u> <u>31.7.1997</u>
	£	£	£	£
Management Information Systems	45940	-	16980	62920
Computerised Production Equipment	250893	-	140206	391099
Plant, Fixtures and Equipment	279694	-	26278	305972
Motor Vehicles	101772	65136	13855	50491
<u>Factory Premises</u>				
Freehold	470	-	235	705
Long Leasehold	9530	-	4765	14295
	688299	65136	202319	825482
<u>WRITTEN DOWN VALUE</u>				1163871

The factory premises are stated in the Balance Sheet at their open market value less depreciation. The open market value, assuming a continuation of the existing use, is based on a valuation carried out at 23rd February 1995 by independent Consultant Surveyors and Valuers, Messrs Lambert Smith Hampton.

The historical cost of the Freehold and Long Leasehold Factory Premises and Improvements included at valuation is as follows:-

	<u>1997</u>	<u>1996</u>
	£	£
Cost	282090	282090
Accumulated Depreciation	27445	24624
Written Down Value	254645	257466

The Management Information System costing £62,920 has been fully depreciated but is still in use.

PRECISION PRINTING PLATES LIMITED

NOTES TO THE ACCOUNTS (CONT/D)

8. STOCKS AND WORK-IN-PROGRESS

	<u>1997</u> £	<u>1996</u> £
Stocks of Raw Materials and Consumables	17996	23037
Work-in-Progress	23160	19437
	<hr/>	<hr/>
	41156	42474
Other Stocks	-	2056
	<hr/>	<hr/>
	41156	44530
	<hr/> <hr/>	<hr/> <hr/>

9. DEBTORS

	<u>1997</u> £	<u>1996</u> £
Trade Debtors	564645	576189
Other Debtors	1921	5155
Prepayments and Accrued Income	35426	24038
	<hr/>	<hr/>
	601992	605382
	<hr/> <hr/>	<hr/> <hr/>

All Debtors fall due for payment within one year of the Balance Sheet date.

10. CREDITORS - Amounts Falling Due Within One Year

	<u>1997</u> £	<u>1996</u> £
Bank Loan	284194	19773
Hire Purchase Creditors	130801	100595
Bank Overdraft	237322	417461
Trade Creditors	265186	232815
Taxation and Social Security	80450	94834
Other Creditors	12598	115
Directors' Current Accounts	24002	32075
Accruals and Deferred Income	39347	34303
	<hr/>	<hr/>
	1073900	931971
	<hr/> <hr/>	<hr/> <hr/>

PRECISION PRINTING PLATES LIMITED

NOTES TO THE ACCOUNTS (CONT/D)

10. CREDITORS - Amounts Falling Due After More Than One Year

	<u>1997</u>	<u>1996</u>
	£	£
Bank Loan Repayable by Instalments		
1 - 2 years	-	19773
2 - 5 years	-	59320
5 years or more	-	23070
	<hr/>	<hr/>
	-	102163
Hire Purchase Creditors	228916	163358
Other Creditors	9423	-
	<hr/>	<hr/>
	238339	265521
	<hr/>	<hr/>

The Bank Loan and Overdraft are secured by a Legal Mortgage over the Company's Freehold and Long Leasehold Property and are charged to interest at a variable rate dependent upon National Westminster Bank base rate. The Bank Overdraft is also secured by a fixed charge on this property and a floating charge over all other assets. The Hire Purchase Contracts are secured on the assets concerned

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACT

The maturity of these amounts is as follows:-

	<u>1997</u>	<u>1996</u>
	£	£
Amount Payable:-		
Within One Year	168097	124069
Within Two to Five Years	299759	203934
	<hr/>	<hr/>
	467856	328003
<u>Less:</u> Finance Charges allocated to future periods	108139	64050
	<hr/>	<hr/>
	359717	263953
	<hr/>	<hr/>

Hire Purchase Contracts are analysed as follows:-

Current Obligations	130801	100595
Non-Current Obligations	228916	163358
	<hr/>	<hr/>
	359717	263953
	<hr/>	<hr/>



PRECISION PRINTING PLATES LIMITED

NOTES TO THE ACCOUNTS (CONT/D)

12. LEASE COMMITMENTS

The Company is committed to making payments during the next year on operating lease commitments expiring:-

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Within One Year	19543	33086
Between Two and Five Years	24612	36875
	<u>44155</u>	<u>69961</u>

13. CALLED-UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
<u>Authorised</u>		
Ordinary Shares of £1 each	175000	175000
	<u>175000</u>	<u>175000</u>
<u>Allotted, Called-Up and Fully Paid</u>		
Ordinary Shares of £1 each	150000	150000
	<u>150000</u>	<u>150000</u>

14. REVALUATION RESERVE

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Balance Brought Forward	231890	234256
Transfer to Profit and Loss Account	2366	2366
	<u>229524</u>	<u>231890</u>

15. MOVEMENT ON SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
(Loss) for the Year	(72293)	(93826)
Opening Shareholders' Funds	569026	662852
	<u>496733</u>	<u>569026</u>

PRECISION PRINTING PLATES LIMITED

NOTES TO THE ACCOUNTS (CONT/D)

16. CAPITAL COMMITMENTS

At the Balance Sheet date, the Company had capital commitments as follows:-

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Authorised and not contracted for	-	130000
Contracted, but not provided for	-	86511
	<hr/>	<hr/>
	-	216511
	<hr/>	<hr/>

18. TRANSACTIONS WITH DIRECTORS

Family members of Mr G Smith and Mr C Swift lent monies to the Company. At the commencement of the year these amounted to £4,444 and this was repaid during the year. A further £20,000 was advanced to the Company during the year, this carried a rate of interest of 10%. During the year the Company repaid £6,667 and interest amounting to £1,333. At the Balance Sheet date the amount outstanding was £13,333.