

## **Webmaster Limited**

Directors' report and financial statements

31 December 2005

Registered number 1426093



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24/08/2006

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### Principal activity

The principal activity of the company is that of the manufacture of pressure sensitive label stock and width slitting of this and related products.

### Business review

The results for the year and the state of affairs of the company are shown in the attached financial statements.

### Proposed dividend

The directors do not recommend the payment of a dividend (2004: £nil).

### Directors and directors' interests

The directors who held office during the year were as follows:

Mr CS Dixon (Chairman)  
Mr M Braddock  
Mr TG Hughes

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Mr CS Dixon is also a director of the parent company, LS Dixon Group Limited, and his interest in the shares of group companies are disclosed in the financial statements of that company. Mr M Braddock and Mr TG Hughes had no interest in the shares of any group company at either the beginning or end of the year.

### Political and charitable contributions

The company made no political contributions. Donations to UK charities during the year amounted to £Nil (2004: £25).

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



CS Dixon  
Chairman

Lowerhouse Mills  
Bollington  
Macclesfield  
SK10 5HW

15<sup>th</sup> August 2006

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 judgements and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

St James' Square  
Manchester  
M2 6DS  
United Kingdom

### **Independent auditors' report to the members of Webmaster Ltd**

We have audited the financial statements of Webmaster Ltd for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Webmaster Limited**  
*(continued)*

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditors*

*21<sup>st</sup> August 2006*

**Profit and loss account**  
*for the year ended 31 December 2005*

	<i>Note</i>	2005 £	2004 £
<b>Turnover - continuing operations</b>	<i>1</i>	1,027,050	886,353
Cost of sales		(789,386)	(701,904)
		<hr/>	<hr/>
<b>Gross profit</b>		237,664	184,449
Administrative expenses		(168,804)	(183,482)
		<hr/>	<hr/>
<b>Operating profit - continuing operations</b>		68,860	967
Interest payable and similar charges	<i>5</i>	(17,780)	(18,786)
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>	<i>2-5</i>	51,080	(17,819)
Tax on loss on ordinary activities	<i>6</i>	(16,555)	4,198
		<hr/>	<hr/>
<b>Retained profit/(loss) for the financial year</b>		34,525	(13,621)
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains or losses other than the loss for the years reported above and therefore no separate statement of recognised gains or losses has been presented.

**Balance sheet**  
*at 31 December 2005*

	Note	£	2005	£	£	2004	£
<b>Fixed assets</b>							
Tangible assets	7		345,657			388,860	
<b>Current assets</b>							
Stocks	8	166,549			174,819		
Debtors	9	211,759			257,173		
Cash		33,305			-		
			<u>411,613</u>		<u>431,992</u>		
<b>Creditors: amounts falling due within one year</b>	10		<u>(1,122,375)</u>		<u>(1,212,408)</u>		
<b>Net current liabilities</b>			<u>(710,762)</u>			<u>(780,416)</u>	
<b>Total assets less current liabilities</b>			<u>(365,105)</u>			<u>(391,556)</u>	
<b>Creditors: amounts falling due after more than one year</b>	11		(3,690)			(11,910)	
<b>Provisions for liabilities and charges</b>	12		(4,052)			(3,906)	
<b>Net liabilities</b>			<u>(372,847)</u>			<u>(407,372)</u>	
<b>Capital and reserves</b>							
Called up share capital	14		2			2	
Revaluation reserve	15	220,199			248,354		
Profit and loss account	15	(593,048)			(655,728)		
<b>Shareholders' deficit</b>			<u>(372,847)</u>			<u>(407,372)</u>	

These financial statements were approved by the board of directors on 15/8/2006 and were signed on its behalf by:



**CS Dixon**  
Director



**Note of historical cost profit and losses**  
*for the year ended 31 December 2005*

	2005 £	2004 £
Reported profit / (loss) on ordinary activities before taxation	51,080	(17,819)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	28,155	31,282
Historical cost profit on ordinary activities before taxation	79,235	13,463
Historical cost profit for the year retained after taxation	62,680	17,661

**Reconciliation of movements in shareholders' deficit**  
*for the year ended 31 December 2005*

	2005 £	2004 £
Profit/(loss) for the financial year	34,525	(13,621)
Net reduction/addition to shareholders' deficit	34,525	(13,621)
Opening shareholders' deficit	(407,372)	(393,751)
Closing shareholders' deficit	(372,847)	(407,372)

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

The company has not adopted amendments to IFRS 4 in relation to financial guarantee contracts.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

The company does not expect the amendments to have any impact on the financial statements for the period commencing 1 January 2006.

### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of some plant and machinery.

Under Financial Reporting Standard No 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

As the company is a wholly owned subsidiary of LS Dixon Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of LS Dixon Group Limited, within which this company is included, can be obtained from the address given in note 19.

### *Going concern*

The financial statements have been prepared on a going concern basis which assumes the company will continue in existence. The validity of this assumption is dependent upon the continued support of the group, which has been confirmed by the holding company.

### *Fixed assets and depreciation*

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	10% reducing balance basis
Motor vehicles	-	25% reducing balance basis
Fixtures, fittings and computers	-	25% reducing balance basis

### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### **Post-retirement benefits**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **Research and development expenditure**

Expenditure on research and development is written off against profits in the year in which it is incurred.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of pressure sensitive label stock and related products to external customers. Turnover is stated less returns.

## **2 Notes to the profit and loss account**

	2005 £	2004 £
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	37,808	42,409
Leased	5,395	7,194
Hire of plant and machinery - rentals payable under operating leases	246	8,644
	<hr/>	<hr/>
<b>Auditors' remuneration:</b>		
	2005 £	2004 £
Audit	4,150	3,975
Other services - fees receivable by the auditors and their associates	-	-
	<hr/>	<hr/>

## Notes (continued)

### 3 Remuneration of directors

None of the directors who served during the year received any remuneration in respect of their services to Webmaster Limited (2004: £nil).

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Sales and administration	2	2
Production	4	3
	<hr/>	<hr/>
	6	5
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£	£
Wages and salaries	125,742	126,662
Social security costs	4,896	9,137
Pension costs	4,584	3,202
	<hr/>	<hr/>
	135,222	139,001
	<hr/>	<hr/>

### 5 Interest payable and similar charges

	2005	2004
	£	£
Finance charges payable in respect of finance leases and hire purchase contracts	1,085	1,058
Other interest payable	16,695	17,728
	<hr/>	<hr/>
	17,780	18,786
	<hr/>	<hr/>

## Notes (continued)

### 6 Taxation

#### Analysis of charge / (credit) in year

	2005 £	2005 £	2004 £	2004 £
<i>UK corporation tax</i>				
Current tax on income for the year	(1,559)		-	
Adjustments in respect of prior year	(7)		-	
	<hr/>		<hr/>	
Total current tax		(1,566)		-
<i>Deferred tax (see note 13)</i>				
Origination/reversal of timing differences		18,121		(4,198)
		<hr/>		<hr/>
Tax on profit / (loss) on ordinary activities		16,555		(4,198)
		<hr/>		<hr/>

#### Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2004: *higher*) than the standard rate of corporation tax in the UK (30%, 2004: 30%). The differences are explained below.

	2005 £	2004 £
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	51,080	(17,819)
	<hr/>	<hr/>
Current tax at 30% (2004 : 30%)	15,324	(5,345)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	205	-
Depreciation on ineligible assets	1,033	1,147
Movement in timing differences	(18,121)	4,198
Adjustments to tax charge in respect of previous years	(7)	-
	<hr/>	<hr/>
Total current tax charge (see above)	(1,566)	-
	<hr/>	<hr/>

## Notes (continued)

### 7 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost at 1 <sup>st</sup> January 2005 and 31 <sup>st</sup> December 2005	565,252	56,492	32,899	654,643
<b>Depreciation</b>				
At beginning of year	205,172	49,292	11,319	265,783
Charge for year	36,008	1,800	5,395	43,203
<b>At end of year</b>	<b>241,180</b>	<b>51,092</b>	<b>16,714</b>	<b>308,986</b>
<b>Net book value</b>				
At 31 December 2005	324,072	5,400	16,185	345,657
At 31 December 2004	360,080	7,200	21,580	388,860

Included in the total net book value of motor vehicles is £16,185 (2004: £21,580) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £5,395 (2004: £7,194).

Certain plant and machinery was revalued at £503,000 on 30 August 2000 by Rushton International, a firm of chartered surveyors. The basis of the revaluation was value of plant and machinery to the business.

The following information relates to assets carried at revalued amounts which have been retained under the transitional provisions set out in FRS 15 'Tangible fixed assets'.

Plant and machinery	2005 £	2004 £
At 2000 value of plant and machinery to the business	503,000	503,000
Aggregate depreciation thereon	(215,884)	(183,982)
<b>Net book value</b>	<b>287,116</b>	<b>319,018</b>
Historical cost of revalued assets	340,062	340,062
Aggregate depreciation based on historical cost	(306,336)	(302,589)
<b>Historic cost net book value of revalued assets</b>	<b>33,726</b>	<b>37,473</b>

**Notes (continued)**

**8 Stocks**

	2005 £	2004 £
Raw materials and consumables	122,535	111,308
Finished goods and goods for resale	44,014	63,511
	<u>166,549</u>	<u>174,819</u>

**9 Debtors**

	2005 £	2004 £
Trade debtors	160,058	187,310
Amounts owed by group undertakings	42,188	43,768
Corporation tax	5,453	3,887
Deferred tax asset (see note 13)	-	14,069
Prepayments and accrued income	4,060	8,139
	<u>211,759</u>	<u>257,173</u>

**10 Creditors: amounts falling due within one year**

	2005 £	2004 £
Bank loans and overdraft – secured	118,760	163,265
Obligations under finance leases and hire purchase contracts (see note 11)	8,220	9,870
Trade creditors	118,121	114,056
Amounts owed to group undertakings	861,927	899,564
Other taxation and social security	1,955	12,534
Accruals and deferred income	13,392	13,119
	<u>1,122,375</u>	<u>1,212,408</u>

**Notes (continued)**

**11 Creditors: amounts falling due after more than one year**

	2005 £	2004 £
Obligations under finance leases and hire purchase contracts	3,690	11,910

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2005 £	2004 £
Within one year	8,220	9,870
In the second to fifth years	3,690	11,910
	<u>11,910</u>	<u>21,780</u>

**12 Provisions for liabilities and charges**

	Deferred taxation £	Onerous lease provision £
At beginning of year	-	3,906
Charge / (credit) to the profit and loss account for the year	4,052	(3,906)
At end of year	<u>4,052</u>	<u>-</u>

The onerous lease provision relates to the previous business premises of the company which are currently unutilised.

**13 Deferred tax**

	Deferred taxation £
At beginning of year	14,069
Charge to the profit and loss account for the year (see note 6)	(18,121)
Deferred tax liability at end of year	<u>(4,052)</u>

The elements of deferred taxation are as follows:

	2005 £	2004 £
Difference between accumulated depreciation and capital allowances	78,408	85,146
Other timing differences	(74,356)	(99,215)
Deferred tax liability / (asset)	<u>4,052</u>	<u>(14,069)</u>



## Notes (continued)

### 14 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 15 Reserves

	Revaluation Reserve £	Profit and loss account £
At beginning of year	248,354	(655,728)
Retained loss for the year	-	34,525
Transfers	(28,155)	28,155
	<u>220,199</u>	<u>(593,048)</u>
At end of year		

### 16 Contingent liabilities

The company has entered into an unlimited cross-guarantee structure in favour of National Westminster Bank PLC in respect of overdraft and loan facilities granted to other fellow subsidiary undertakings and LS Dixon Group Limited. The cross-guarantee structure is supported by mortgage debentures in favour of National Westminster Bank PLC over the assets and undertaking of the company and the group. Total group borrowings at 31 December 2005 amounted to £2,033,355 (2004:£1,589,749).

## Notes (continued)

### 17 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	8,586	-
In the second to fifth years inclusive	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	8,586	-
	<hr/>	<hr/>	<hr/>	<hr/>

### 18 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £3,202 (2004: £nil). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 19 Parent company

The company is a subsidiary undertaking of LS Dixon Group Limited incorporated in England – the ultimate controlling party. The consolidated accounts of the group are available to the public and may be obtained from:

Lowerhouse Mills  
 Bollington  
 Macclesfield  
 SK10 5HW