

Adare International Limited

Directors' report
and financial statements

Year ended 31 October 2010

Registered number 1610897

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Adare International Limited

Directors' report and financial statements

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Adare International Limited

Directors and other information

Directors	R Whiteside S Ueckermann K Herbert
Secretary	Marrons Consultancies Limited Meridian Business Park Leicester LE19 1WY
Registered office	Meridian Business Park Leicester LE19 1WY
Solicitors	Marrons Solicitors Meridian Business Park Leicester LE19 1WY
Bankers	The Bank of Scotland Lisbon House 116 Wellington Street Leeds LS1 4LT
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland

Adare International Limited

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 October 2010

Results and dividends

The profit for the year after taxation, attributable to shareholders amounted to £918,000
(18 month period ended 31 October 2009 £1,161,000) The directors do not recommend the payment of a dividend

Principal activity and review of the development of the business

The company has one class of business being print management, data services, creative design, and storage & logistics services The directors believe that the company continues to be well placed to meet the opportunities that may arise in the future

Risks and uncertainties

The directors consider that the principal risks and uncertainties facing the company are as follows

Economic risk

- The risk of increased interest rates and/ or inflation having an adverse impact on served markets,
- The risk of unrealistic increases in wages or infrastructural cost impacting adversely on competitiveness of the company and its principal customers

These risks are managed by the use of alternative sourcing of products and services and strict control of costs

Competition risk

The directors of the company manage competition risk through close attention to customer service levels

Financial risk

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk

Adare International Limited

Directors' report *(continued)*

Key performance indicators

Key performance indicators which are focused on by management include

- sales/gross profit reports analysed by division, salesperson and product
- daily cash/bank reports
- monthly management accounts showing divisional trading results, detailed overhead expenses, balance sheet and cash flow reports
- monthly variance reports analysing sales, gross profit, expenses and cash flow variances
- monthly aged debtor reports analysed by division

Post balance sheet events

There have been no significant events affecting the company since 31 October 2010

Supplier payment policy

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with. At 31 October 2010, the company had an average of 66 days purchases outstanding in creditors

Directors and their interests

The directors who held office during the period and subsequent to the period end are listed on page 1. In accordance with the company's articles of association, the directors are not required to retire by rotation.

The directors and their spouses and minor children have no interest in the shares of the company.

R Whiteside and K Herbert were directors of the company's ultimate parent undertaking at 31 October 2010, ACICS Limited, and their interests are disclosed in that company's financial statements.

Adare International Limited

Directors' report *(continued)*

Directors and their interests *(continued)*

The interests of the other director and the company secretary in office at 31 October 2010, including interests of their spouses and minor children, in the share capital and loan notes of ACICS Limited at the beginning of the period (or date of appointment if later) were

<i>Name of director</i>	<i>Description of Instrument</i>	<i>31 October 2010</i>	<i>31 October 2009</i>
		<i>Number</i>	<i>Number</i>
S Ueckermann	Ordinary shares	125,469	125,469

There are no other interests requiring disclosure under the Companies Act 1985

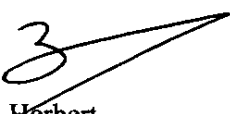
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act, 2006, the auditor will be deemed to be reappointed and KPMG, Chartered Accountants, will therefore continue in office

On behalf of the board


K. Herbert
Director

5 January 2011

Adare International Limited

Statement of directors' responsibilities

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 period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 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 its financial statements comply with the Companies Act, 2006. 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

On behalf of the board



K Herbert
Director



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Adare International Limited

We have audited the financial statements of Adare International Limited for the year ended 31 October 2010 which set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK 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 on page 5, 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 the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at <http://www.frc.org.uk/apb/scope/UKNP>

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act, 2006



Independent auditor's report to the members of Adare International Limited
(continued)

Opinion on other matter prescribed by the Companies Act, 2006

In our opinion the information given in 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

Tom McEvoy (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

5 January 2011

Adare International Limited

Statement of accounting policies

for the year ended 31 October 2010

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board as promulgated by the Institute of Chartered Accountants in England and Wales

Consolidation

The company is exempt from the obligation to prepare group accounts as it is itself a subsidiary undertaking of a company established in a member of the EU, which prepares group accounts. Consequently these accounts present information about the company as an individual entity and not its group.

Cash flow statement

The company has availed of the exemption available in FRS 1 - Cash Flow Statements (Revised), not to present a cash flow statement as it is a wholly owned subsidiary undertaking of ACICS Limited, a company incorporated in England which prepares a consolidated cash flow statement which includes the cash flows of this company.

Turnover

Turnover represents the fair value of goods excluding Value Added Tax, delivered to or collected by third party customers in the year. Goods are deemed to have been delivered to customers, when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value comprises the actual or estimated selling price (net of trade discounts) less all other further cost to be incurred in marketing, selling and distribution.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of the assets over their expected useful lives at the following rates:

Leasehold improvements	-	over the period of the lease
Plant and equipment	-	12.5% to 25% per annum on cost
Fixtures and fittings	-	10% per annum on cost

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Adare International Limited

Statement of accounting policies *(continued)*

Taxation

Corporation tax is calculated based on the taxable profits for the year. 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, or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Pension costs

The company operates a defined contribution scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Leased assets

Rent payable in respect of assets held under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Adare International Limited


Profit and loss account

for the year ended 31 October 2010

	<i>Note</i>	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
Turnover – continuing operations	<i>1</i>	63,100	70,258
Operating costs	<i>2</i>	(62,120)	(69,511)
		<hr/>	<hr/>
Operating profit – continuing operations	<i>3</i>	980	747
Interest receivable	<i>4</i>	634	842
Interest payable and similar charges	<i>5</i>	(276)	(9)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,338	1,580
Taxation on profit on ordinary activities	<i>9</i>	(420)	(419)
		<hr/>	<hr/>
Profit retained for the financial period	<i>16</i>	918	1,161
		<hr/>	<hr/>

The company had no recognised gains or losses in the current financial year or preceding financial period other than those dealt with in the profit and loss account

On behalf of the board


K. Herbert
Director

Adare International Limited

Balance sheet at 31 October 2010

	<i>Note</i>	31 October 2010 £'000	31 October 2009 £'000
Fixed assets			
Tangible assets	10	1,515	1,463
		<hr/>	<hr/>
Current assets			
Stocks	11	773	756
Debtors	12	31,471	25,112
Cash at bank and in hand		3,009	2,978
		<hr/>	<hr/>
Creditors: amounts falling due within one year	14	35,253 (22,959)	28,846 (17,418)
		<hr/>	<hr/>
Net current assets		12,294	11,428
		<hr/>	<hr/>
Net assets		13,809	12,891
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account	16	13,808	12,890
		<hr/>	<hr/>
Equity shareholders' funds	17	13,809	12,891
		<hr/>	<hr/>

On behalf of the board


K Herbert
Director

Adare International Limited

Notes

forming part of the financial statements

1 Turnover

Segmental analysis has not been given, as, in the opinion of the directors, to do so would be seriously prejudicial to the interests of the company

2 Operating costs

	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
Increase/(decrease) in stocks	17	(384)
Raw materials and consumables	45,095	48,247
Depreciation - owned assets	479	673
Operating lease rentals and hire charges		
- land and buildings	1,087	1,649
- plant and machinery	223	85
- other	181	204
Other operating charges	4,945	6,624
Staff costs		
- wages and salaries	9,178	11,023
- social security costs	761	1,144
- pension costs	153	215
Other operating (income)/expenses	1	31
	<hr/>	<hr/>
	62,120	69,511
	<hr/>	<hr/>

3 Operating profit

	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
This is stated after charging		
Directors' emoluments (see note 6)	168	251
Auditor's remuneration		
- audit services	24	23
Management charges	300	374
	<hr/>	<hr/>

Adare International Limited

Notes (continued)

4 Interest receivable

	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
Bank interest receivable	13	31
Amount received/receivable from group undertakings	621	811
	<u>634</u>	<u>842</u>

5 Interest payable and similar charges

	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
On bank overdrafts wholly repayable other than by instalments, within five years	2	9
Foreign exchange loss	274	-
	<u>276</u>	<u>9</u>

6 Directors' emoluments

	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
Emoluments	157	234
Pension contributions	11	17
	<u>168</u>	<u>251</u>

The emoluments of the highest paid director excluding pension contributions were £ 156,921 (2009 £234,049) Contributions to defined contribution arrangements on behalf of the highest paid director amounted to £11,409 for the year (2009 £16,938)

Two (2009 two) of the directors are also directors of other group undertakings These directors do not believe that it is practical to apportion their emoluments between their services as directors of the company and their services as directors of other group undertakings The above disclosure therefore assumes their emoluments to be £Nil The emoluments of these directors are disclosed in the financial statements of the ultimate parent undertaking at 31 October 2010, ACICS Limited, a company registered in England and Wales Details on the availability of the financial statements of ACICS Limited are set out in note 20

Adare International Limited

Notes (continued)

7 Employees

The average number of employees during the period analysed by function, comprised

	Year ended 31 October 2010 Number	18 month period ended 31 October 2009 Number
Management	5	5
Administration	253	227
	<hr/>	<hr/>
	258	232
	<hr/>	<hr/>

8 Pensions

The group of which the company is a member operates defined contribution pension arrangements for its employees. Contributions are invested with insurance companies and are thus held in independently administered funds. Details of pension contributions are as follows:

	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
Charge for period		
Defined contribution arrangements	153	215
	<hr/>	<hr/>

Adare International Limited

Notes (continued)

9 Tax on profit on ordinary activities

(a) Analysis of charge in year

	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
<i>Current tax</i>		
UK corporation tax charge for the year	493	649
Prior period over provision in corporation tax	(1)	(10)
	<hr/>	<hr/>
	492	639
<i>Deferred tax</i>		
Origination and reversal of timing differences	(93)	(220)
Adjustment in respect of prior periods	21	-
	<hr/>	<hr/>
	(72)	(220)
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	420	419
	<hr/>	<hr/>

(b) Factors affecting current tax charge in year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the United Kingdom. The differences are explained below

	Year ended 31 October 2010 £'000	18 month period ended 31 October 2009 £'000
Profit on ordinary activities before tax	1,338	1,580
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28% (2009 28%)	375	442
<i>Effects of</i>		
Expenses not deductible for tax purposes	6	50
Difference between depreciation and capital allowances	132	139
Prior year over provision in corporation tax	(1)	(10)
Other timing differences	(4)	18
Other adjustments	(16)	-
	<hr/>	<hr/>
Current tax charge for year (note 9 (a))	492	639
	<hr/>	<hr/>

Adare International Limited

Notes (continued)

10 Tangible assets

	Short leasehold improvements £'000	Plant, equipment, fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 31 October 2009	737	3,690	4,427
Additions	20	512	532
Disposals	(1)	(611)	(612)
	<hr/>	<hr/>	<hr/>
At 31 October 2010	756	3,591	4,347
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 31 October 2009	456	2,508	2,964
Charge for year	53	426	479
Disposals	-	(611)	(611)
	<hr/>	<hr/>	<hr/>
At 31 October 2010	509	2,323	2,832
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 October 2010	247	1,268	1,515
	<hr/>	<hr/>	<hr/>
At 31 October 2009	281	1,182	1,463
	<hr/>	<hr/>	<hr/>

11 Stocks	31 October 2010 £'000	31 October 2009 £'000
Finished goods and work in progress	773	756
	<hr/>	<hr/>

In the opinion of the directors, the replacement cost of stocks at 31 October 2010, is not materially different to the carrying value as stated above

Adare International Limited

Notes (continued)

12 Debtors	31 October 2010 £'000	31 October 2009 £'000
Amounts falling due within one year		
Trade debtors	14,312	10,538
Amounts owed by group undertakings	11,568	10,711
Prepayments and accrued income	2,685	1,578
Other debtors	2,357	1,808
	<hr/>	<hr/>
Amounts falling due after one year	30,922	24,635
Deferred tax asset (note 13)	549	477
	<hr/>	<hr/>
	31,471	25,112
	<hr/>	<hr/>
13 Deferred tax asset	31 October 2010 £'000	31 October 2009 £'000
At beginning of year	477	257
Credited to profit and loss account in period	72	220
	<hr/>	<hr/>
At end of year (note 12)	549	477
	<hr/>	<hr/>
<i>Deferred tax asset arise as follows</i>		
Timing differences	549	477
	<hr/>	<hr/>
14 Creditors: amounts falling due within one year	31 October 2010 £'000	31 October 2009 £'000
Trade creditors	13,796	10,349
Amounts owed to group undertakings	3,648	2,803
Other creditors	3,888	2,624
Corporation tax	493	648
Other taxes and social security	800	734
Accruals	334	260
	<hr/>	<hr/>
	22,959	17,418
	<hr/>	<hr/>

Adare International Limited

Notes (continued)

15 Called up share capital

	31 October 2010 £'000	31 October 2009 £'000
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Authorised

1,000 ordinary shares of £1 each

1

1

Allotted, called up and fully paid

1,000 ordinary shares of £1 each

1

1

16 Profit and loss account

	31 October 2010 £'000	31 October 2009 £'000
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Profit and loss at beginning of year

12,890

11,729

Profit for the year

918

1,161

Profit and loss at end of year

13,808

12,890

17 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 31 October 2009	1	12,890	12,891
Total recognised gains and losses for the period	-	918	918
At 31 October 2010	1	13,808	13,809

18 Lease commitments

Annual commitments under operating leases are as follows

	Land and buildings		Other	
	31 October 2010 £'000	31 October 2009 £'000	31 October 2010 £'000	31 October 2009 £'000
Leases expiring				
Within one year	638	504	242	158
Within two to five years	501	340	35	60
After five years	-	348	-	-
	1,139	1,192	277	218

Adare International Limited

Notes *(continued)*

19 Bank and other security

The bank loans, bank overdraft and loan notes of the ACICS Limited group are secured by way of a first debenture from certain group undertakings (including Adare International Limited) comprising a legal charge over properties owned by the group and a floating charge over all of the assets of such undertakings together with intergroup cross guarantees from certain group undertakings

20 Ultimate parent undertaking

The company is a wholly owned subsidiary of Continuous Stationery Limited. The company's ultimate parent undertaking is ACICS Limited. Both of the above companies are incorporated in England and Wales.

The only group accounts in which the results of Adare International Limited at 31 October 2010 are included is that of ACICS Limited. Copies of the consolidated financial statements of ACICS Limited are filed at Companies House, Crown Way, Cardiff.

21 Related party transactions

In accordance with FRS 8, the company has not disclosed its transactions with other group companies as its results are consolidated into the financial statements of its ultimate parent company which are publicly available.

22 Post balance sheet events

There have been no significant events affecting the company since 31 October 2010.

23 Subsidiary undertaking

During the year, the company incorporated a wholly owned subsidiary in Russia, Adare International LLC. The company holds 10,000 ordinary shares of 1 RBL each which represents the entire issued share capital of the subsidiary. The registered office of the subsidiary is 115184 Moscow, Bolshoy Ordynskiy per , 4, bld 3, Russian Federation. The principal activity of the wholly owned subsidiary is the provision of print management and logistics services in Russia.

24 Approval of the financial statements

These financial statements were approved by the directors on 5 January 2011.