

Typolac Limited

Report and Abbreviated Accounts

31 August 1998

Company number 2443090



ERNST & YOUNG

Typolac Limited

DIRECTORY

DIRECTORS

V Flören
J R Hare
J D Jamieson
J Newton

SECRETARY

J D Jamieson

REGISTERED OFFICE

9 Sandy Lane
Skelmersdale
Lancashire
WN8 8LA

ACCOUNTANTS

Hollows & Hesketh
9 Sandy Lane
Skelmersdale
Lancashire
WN8 8LA

AUDITORS

Ernst & Young
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LE

BANKERS

National Westminster Bank PLC
15 The Concourse
Skelmersdale
Lancashire
WN8 6LD

SOLICITORS

Kennedys
15 Railway Road
Ormskirk
Lancashire
L39 2DW

Typolac Limited

DIRECTORS' REPORT

The directors submit their report and abbreviated accounts for the year ended 31 August 1998.

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, amounted to £310,333 (1997 : £213,989).

The directors propose a final dividend for the year amounting to £300,000, which leaves a profit of £10,333 to be transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the printing and supply of colour cards for the paint and cosmetic industries.

The directors are satisfied with the results for the year and look forward to continued success in the current year.

FIXED ASSETS

Details of fixed assets are shown in notes 7 and 8 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31 August 1998 and their interests in the issued ordinary shares of the company were, throughout the year, as follows:

	<i>Number</i>
V Flören	-
J R Hare	14
J D Jamieson	-
J Newton	10

The interests of V Flören and J D Jamieson in the share capital of other group companies are disclosed in the Directors' Report of Color-Label Limited. None of the other directors have an interest in the share capital of any other group company.

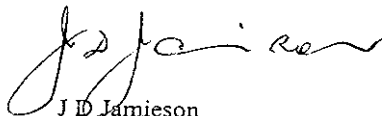
YEAR 2000

Systems critical to the company's ongoing operation and preparation of financial information (including application systems) on which the company relies in its operations are being reviewed to establish the impact, if any, which year 2000 will have on the accuracy of their calculations, processing and reporting.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the board


J D Jamieson
Secretary

27.4.99

Typolac Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts 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 accounts 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 accounts 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.

SPECIAL REPORT OF THE AUDITORS
to Typolac Limited under Section 274B of the Companies Act 1985

We have examined the abbreviated accounts on pages 5 to 13 together with the annual accounts of the company for the year ended 31 August 1998 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

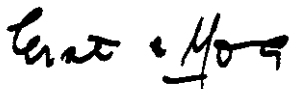
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those annual accounts. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 13 are properly prepared in accordance with that provision.



Ernst & Young
Registered Auditor
Liverpool

16 May 1999

Typolac Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT for the year ended 31 August 1998

	Notes	1998 £	1997 £
GROSS PROFIT		1,854,128	1,730,905
Distribution costs		211,701	201,876
Administrative expenses		1,180,683	1,203,979
		1,392,384	1,405,855
OPERATING PROFIT	2	461,744	325,050
Interest receivable		5,657	5,734
Interest payable	4	(180)	(482)
		5,477	5,252
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		467,221	330,302
Tax on profit on ordinary activities	5	156,888	116,313
PROFIT FOR THE FINANCIAL YEAR		310,333	213,989
Dividends	6	300,000	200,000
PROFIT RETAINED FOR THE FINANCIAL YEAR		10,333	13,989

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than as shown by the above profit and loss account.

Typolac Limited

ABBREVIATED BALANCE SHEET at 31 August 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	8	7,401	8,590
Investment	9	5,000	5,000
		<u>12,401</u>	<u>13,590</u>
CURRENT ASSETS			
Stocks	10	523,885	517,592
Debtors	11	1,204,493	1,071,183
Cash at bank and in hand		35,672	69,106
		<u>1,764,050</u>	<u>1,657,881</u>
CREDITORS: amounts falling due within one year	12	1,065,020	970,373
		<u>699,030</u>	<u>687,508</u>
NET CURRENT ASSETS		<u>711,431</u>	<u>701,098</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	711,331	700,998
		<u>711,431</u>	<u>701,098</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

V Floren
Director

27.4.99

Typolac Limited

STATEMENT OF CASH FLOWS for the year ended 31 August 1998

	Notes	1998 £	1997 £
CASH INFLOW FROM OPERATING ACTIVITIES	1	166,985	253,836
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(180)	(482)
Interest received		5,657	5,734
		5,477	5,252
TAXATION			
Corporation tax paid		(105,896)	(192,305)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		-	(1,247)
		66,566	65,536
EQUITY DIVIDENDS PAID		(100,000)	(200,000)
DECREASE IN CASH IN THE YEAR	2	(33,434)	(134,464)

Typolac Limited

NOTES TO THE STATEMENT OF CASH FLOWS for the year ended 31 August 1998

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	461,745	325,050
Depreciation of tangible fixed assets	1,189	1,168
Increase in stocks	(6,293)	(110,762)
(Increase)/decrease in debtors	(240,619)	191,676
Decrease in creditors	(49,037)	(153,296)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>166,985</u>	<u>253,836</u>

2. ANALYSIS OF NET FUNDS

	At 1 September 1997 £	Cash flow £	At 31 August 1998 £
Cash at bank and in hand	<u>69,106</u>	<u>(33,434)</u>	<u>35,672</u>

Typolac Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 August 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery - 20% straight line and 15% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Costs incurred in bringing each product to its present location and condition:

Raw materials	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that the tax will be payable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates two defined contribution schemes. The contributions to these schemes are charged in the period in which they become payable.

Typolac Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 August 1998

2. OPERATING PROFIT

(a) This is stated after charging:

	1998 £	1997 £
Directors' remuneration (see below)	84,677	174,964
Auditors' remuneration	8,500	8,500
Depreciation of owned fixed assets	1,190	1,168
Hire of plant and machinery	263,397	262,572
Service charge payable to immediate parent undertaking	250,000	250,000
Foreign exchange differences	22	18,645
	<u>84,677</u>	<u>174,964</u>

(b) Directors' remuneration:

Emoluments in respect of qualifying services	80,927	163,714
Pension contributions	3,750	11,250
	<u>84,677</u>	<u>174,964</u>

The company paid pension contributions of £3,750 into a defined contribution scheme for the benefit of one director (1997: £11,250 for the benefit of two directors).

3. STAFF COSTS

	1998 £	1997 £
Wages and salaries	1,208,748	1,205,995
Social security costs	89,867	99,260
Other pension costs	62,332	76,755
	<u>1,360,947</u>	<u>1,382,010</u>

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

	1998 No.	1997 No.
Office and management	17	17
Manufacturing	67	50
	<u>84</u>	<u>67</u>

4. INTEREST PAYABLE

	1998 £	1997 £
Bank loans and overdrafts	180	155
Interest on overdue tax	-	327
	<u>180</u>	<u>482</u>

Typolac Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 August 1998

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Based on the profit for the year:		
Corporation tax at 31% (1997: 33%)	155,000	116,008
Corporation tax underprovided in previous years	1,888	305
	<u>156,888</u>	<u>116,313</u>

No provision has been made for deferred taxation due to immaterial timing differences at the balance sheet date.

6. DIVIDEND

	1998 £	1997 £
Ordinary - interim paid	-	100,000
- final proposed	300,000	100,000
	<u>300,000</u>	<u>200,000</u>

7. TANGIBLE FIXED ASSETS

	<i>Plant and machinery</i> £
Cost:	
At 1 September 1997 and 31 August 1998	12,361
Depreciation:	
At 1 September 1997	3,771
Provided during the year	1,189
At 31 August 1998	<u>4,960</u>
Net book value:	
At 31 August 1998	<u>7,401</u>
At 31 August 1997	<u>8,590</u>

8. INVESTMENT

	£
Unlisted investment at cost:	
At 1 September 1997 and 31 August 1998	<u>5,000</u>

Typolac Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 August 1998

9. STOCKS

	1998 £	1997 £
Raw materials and consumables	144,309	153,664
Work in progress	379,576	363,928
	<u>523,885</u>	<u>517,592</u>

10. DEBTORS

	1998 £	1997 £
Trade debtors	1,116,450	1,007,619
Other debtors and prepayments	27,352	27,580
Amounts owed by parent undertaking	42,691	-
Advance corporation tax recoverable	18,000	18,000
Other taxes	-	17,984
	<u>1,204,493</u>	<u>1,071,183</u>

Included within advance corporation tax recoverable is an amount of £18,000 (1997: £18,000) which is due after more than one year.

11. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Trade creditors	224,661	218,534
Corporation tax	167,000	116,008
Other taxes and social security	70,672	28,226
Amount owed to parent undertaking	-	142,342
Amounts owed to fellow subsidiary undertakings	235,335	308,911
Amount owed to associated undertaking	4,728	13,819
Other creditors and accruals	62,624	42,533
Proposed dividend	300,000	100,000
	<u>1,065,020</u>	<u>970,373</u>

12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1998 No.	1997 No.	1998 £	1997 £
Ordinary shares of £1 each	100	100	100	100

Typolac Limited

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 August 1998

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 September 1996	100	687,009	687,109
Profit for the year	-	213,989	213,989
Dividend	-	(200,000)	(200,000)
At 1 September 1997	100	700,998	701,098
Profit for the year	-	310,333	310,333
Dividend	-	(300,000)	(300,000)
At 31 August 1998	100	711,331	711,431

Shareholders' funds are entirely attributable to equity interests.

14. PENSION COMMITMENTS

The company operates two defined contribution schemes, funded by the payment of contributions to independently administered trust funds.

Contributions paid were as follows:

	<i>1998 £</i>	<i>1997 £</i>
Employees money purchase scheme	62,332	65,505
Directors money purchase scheme	3,750	11,250
	<u>66,082</u>	<u>76,755</u>

The company had previously operated a defined benefits scheme for the benefit of its employees. The scheme was frozen on 28 February 1996. Its value is to be transferred into the money purchase scheme but the amount has not yet been determined.

15. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Typo-Label Limited, a company registered in England and Wales.

In the directors' opinion, the ultimate parent undertaking and controlling party, is Interlicenza, a company incorporated in Liechtenstein.

16. RELATED PARTY TRANSACTIONS

The company purchased goods and services totalling £1,552,174 (1997: £1,173,667) from other group companies. Amounts owing to group companies are disclosed in the notes to the accounts.

Secretarial fees of £37,900 (1997: £38,713) were paid to Hollows & Hesketh, a firm in which a director of the company, J D Jamieson, is a partner. In addition the company paid service fees of £125,000 (1997: £nil) to Lux Color Limited. J D Jamieson and V Flören, directors, are directors of Lux Color Limited.