

Typolac Limited

Report and Abbreviated Accounts

31 August 1997

Company number 2443090



Typolac Limited

DIRECTORY

DIRECTORS

V Flören
R C Hare
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 accounts for the year ended 31 August 1997.

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, amounted to £213,989 (1996: £357,885).

Dividends paid and proposed for the year amount to £200,000, leaving a profit of £13,989 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 1997 and their interests in the issued ordinary shares of the company were, throughout the year, as follows:

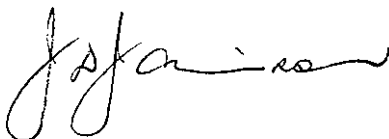
	<i>Number.</i>
V Flören	-
R C Hare	-
J R Hare	14
J D Jamieson	-
J Newton	10

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.

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

25/2/98

**SPECIAL REPORT OF THE AUDITORS
to Typolac Limited under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts on pages 4 to 12 together with the annual accounts of the company for the year ended 31 August 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

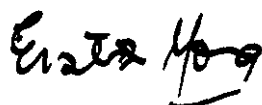
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of 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 4 to 12 are properly prepared in accordance with that provision.



Ernst & Young
Chartered Accountants
Registered Auditors
Liverpool

9 March 1998

Typolac Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT for the year ended 31 August 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
GROSS PROFIT		1,730,905	1,826,956
Distribution costs		201,876	188,150
Administrative expenses		1,203,979	1,102,429
		1,405,855	1,290,579
OPERATING PROFIT	2	325,050	536,377
Interest receivable		5,734	9,158
Interest payable	4	(482)	(1,312)
		5,252	7,846
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		330,302	544,223
Tax on profit on ordinary activities	5	116,313	186,338
PROFIT FOR THE FINANCIAL YEAR		213,989	357,885
Dividends	6	200,000	200,000
PROFIT RETAINED FOR THE FINANCIAL YEAR		13,989	157,885

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the years ended 31 August 1997 and 1996 as shown by the above profit and loss accounts.

Typolac Limited

ABBREVIATED BALANCE SHEET at 31 August 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	7	8,590	8,511
Investment	8	5,000	5,000
		<u>13,590</u>	<u>13,511</u>
CURRENT ASSETS			
Stocks	9	517,592	406,830
Debtors	10	1,071,183	1,256,859
Cash at bank and in hand		69,106	203,570
		<u>1,657,881</u>	<u>1,867,259</u>
CREDITORS: amounts falling due within one year	11	970,373	1,193,661
		<u>687,508</u>	<u>673,598</u>
NET CURRENT ASSETS		<u>701,098</u>	<u>687,109</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	700,998	687,009
		<u>701,098</u>	<u>687,109</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.



Director

25/2/98

Typolac Limited

STATEMENT OF CASH FLOWS for the year ended 31 August 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
CASH INFLOW FROM OPERATING ACTIVITIES	1	253,836	734,347
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(482)	(1,312)
Interest received		5,734	9,158
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		5,252	7,846
TAXATION			
Corporation tax paid		(192,305)	(260,370)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(1,247)	(3,076)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		65,536	478,747
EQUITY DIVIDENDS PAID		(200,000)	(200,000)
(DECREASE)/INCREASE IN CASH IN THE YEAR	2	(134,464)	278,747

Typolac Limited

NOTES TO THE STATEMENT OF CASH FLOWS for the year ended 31 August 1997

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

	1997 £	1996 £
Operating profit	325,050	536,377
Depreciation of tangible fixed assets	1,168	1,497
(Increase)/decrease in stocks	(110,762)	39,249
Decrease in debtors	191,676	168,951
Decrease in creditors	(153,296)	(11,727)
NET CASH INFLOW FROM OPERATING ACTIVITIES	253,836	734,347

2. RECONCILIATION TO NET FUNDS AND ANALYSIS OF NET FUNDS

	At 1 September 1996 £	Cash flows £	At 31 August 1997 £
Cash at bank and in hand	203,570	(134,464)	69,106

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 August 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

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 1997

2.. OPERATING PROFIT

(a) This is stated after charging

	1997 £	1996 £
Directors' remuneration (see below)	174,964	180,839
Auditors' remuneration	8,500	8,000
Depreciation of owned fixed assets	1,168	1,497
Hire of plant and machinery	262,572	252,942
Service charge payable to immediate parent undertaking	250,000	250,000
Foreign exchange differences	18,645	616
	<u>174,964</u>	<u>180,839</u>

(b) Directors' remuneration:

Emoluments in respect of qualifying services	163,714	177,089
Pension contributions	11,250	3,750
	<u>174,964</u>	<u>180,839</u>

The company paid pension contributions of £11,250 its a defined contribution scheme for the benefit of two directors (1996 £3,750 for the benefit of one director).

3. STAFF COSTS

	1997 £	1996 £
Wages and salaries	1,205,995	1,054,198
Social security costs	99,260	90,745
Other pension costs	76,755	41,310
	<u>1,382,010</u>	<u>1,186,253</u>

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

	1997 No.	1996 No.
Office and management	17	16
Manufacturing	50	53
	<u>67</u>	<u>69</u>

4. INTEREST PAYABLE

	1997 £	1996 £
Bank overdraft interest	55	83
Interest on overdue tax	327	1,229
	<u>482</u>	<u>1,312</u>

Typolac Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 August 1997

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the profit for the year: corporation tax at 33%	116,008	186,000
Corporation tax under provided in previous years	305	338
	<u>116,313</u>	<u>186,338</u>

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

6. DIVIDENDS

	1997 £	1996 £
Ordinary - interim paid	100,000	100,000
- final proposed	100,000	100,000
	<u>200,000</u>	<u>200,000</u>

7. TANGIBLE FIXED ASSETS

	<i>Plant and machinery</i> £
Cost:	
At 1 September 1996	11,114
Additions	1,247
At 31 August 1997	<u>12,361</u>
Depreciation:	
At 1 September 1996	2,603
Provided during the year	1,168
At 31 August 1997	<u>3,771</u>
Net book value:	
At 31 August 1997	<u>8,590</u>
At 31 August 1996	<u>8,511</u>

8. INVESTMENT

	£
Unlisted investment at cost:	
At 1 September 1996 and 31 August 1997	<u>5,000</u>

Typolac Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 August 1997

9. STOCKS

	1997 £	1996 £
Raw materials and consumables	153,664	146,174
Work in progress	363,928	260,656
	<u>517,592</u>	<u>406,830</u>

10. DEBTORS

	1997 £	1996 £
Trade debtors	1,007,619	1,213,150
Other debtors and prepayments	27,580	31,709
Advance corporation tax recoverable	18,000	12,000
Other taxes	17,984	-
	<u>1,071,183</u>	<u>1,256,859</u>

Included within advance corporation tax recoverable is an amount of £18,000 (1996: £12,000) which is due after more than one year.

11. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Trade creditors	218,534	214,339
Corporation tax	116,008	186,000
Other taxes and social security	28,226	81,068
Amount owed to parent undertaking	142,342	99,809
Amounts owed to fellow subsidiary undertakings	308,911	392,063
Amount owed to associated undertaking	13,819	39,331
Other creditors and accruals	42,533	81,051
Proposed dividend	100,000	100,000
	<u>970,373</u>	<u>1,193,661</u>

12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1997 No.	1996 No.	1997 £	1996 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 August 1997

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital	Profit and loss account	Total
	£	£	£
At 1 September 1995	100	529,124	529,224
Profit for the year	-	357,885	357,885
Dividend	-	(200,000)	(200,000)
At 31 August 1996	100	687,009	687,109
Profit for the year	-	213,989	213,989
Dividend	-	(200,000)	(200,000)
At 31 August 1997	100	700,998	701,098

Shareholders' funds are entirely attributable to equity interests.

14. PENSION COMMITMENTS

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

Contributions paid were as follows:

	1997	1996
	£	£
Employees money purchase scheme	65,505	37,560
Directors money purchase scheme	11,250	3,750
	<u>76,755</u>	<u>41,310</u>

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

15. ULTIMATE HOLDING COMPANY

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

The ultimate parent undertaking is Interlicenza, a company incorporated in Liechtenstein.

16. RELATED PARTY TRANSACTIONS

The company purchased goods and services totalling £1,173,667 from other group companies.

Secretarial fees of £38,713 were paid to Hollows & Hesketh, a firm in which a director of the company, J D Jamieson, is a partner.

Amounts owing to group companies are disclosed in the notes to the accounts.