
LATTICE LABELS LIMITED

ABBREVIATED ACCOUNTS

◆ *Year ended 31 December 1998* ◆



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COMPANY NO: 2589295

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LATTICE LABELS LIMITED

COMPANY INFORMATION

Directors	K Mellor R J Darby C B Beadle J L Roberts A Pealling M D'Allesandro
Secretary	C B Beadle
Registered office	Unit C Castle Hills Court Howard Road Eaton Socon Cambridgeshire PE19 3ET
Registered number	2589295
Auditors	Robson Rhodes Chartered Accountants Daedalus House Station Road CAMBRIDGE CB1 2RE

REPORT OF THE DIRECTORS

The directors present their report and the abbreviated financial statements of the company for the year ended 31 December 1998.

Principal activity

The principal activity of the company consists of the manufacture and wholesale of adhesive labels.

Review of the business and future developments

The company has had a satisfactory year and the directors expect similar conditions to prevail in the forthcoming year.

Results and dividend

The results are set out on page 5. The directors do not propose the payment of a dividend.

Directors

The present directors of the company are set out on page 1.

The interests of the directors in the share capital of the company at 31 December are set out below:

	K Mellor	R J Darby	C B Beadle	A Pealling	J L Roberts	M D'Allesandro
Ordinary shares of £1 each						
1997	-	39,000	5,000	5,000	-	-
1998	-	39,000	5,000	5,000	-	-
'A' ordinary shares of 10p each						
1997	-	-	18,750	-	-	-
1998	-	-	18,750	-	-	-
'B' ordinary shares of 10p each						
1997	-	-	-	-	3,125	-
1998	-	-	-	-	3,125	-
'C' ordinary shares of 10p each						
1997	-	-	-	-	-	3,125
1998	-	-	-	-	-	3,125

K Mellor is a director of the parent company, The Limpet Group Limited. His interests in its share capital are disclosed in the financial statements of that company.

REPORT OF THE DIRECTORS (continued)

Year 2000

Having made enquiries of suppliers, customers and staff, the directors do not expect material disruption to business from the year 2000 problem but the complexity of the matter prevents any business offering absolute assurance on this issue.

Single European currency

The directors do not believe that the introduction of a single European currency will have a significant impact on the business activities of the company in the next 12 months.

Statement of directors' responsibilities for the financial statements

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 these financial statements the directors have:


- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that are reasonable and prudent;
- ◆ followed applicable accounting standards; and
- ◆ prepared financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

The auditors, Robson Rhodes, are willing to continue in office and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

The report of the directors was approved by the Board on 7 July 1999 and signed on its behalf by:



Kenneth Mellor
Director

LATTICE LABELS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF LATTICE LABELS LIMITED

We have examined the abbreviated accounts set out on pages 5 to 18 together with the full financial statements of the company for the year ended 31 December 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 those provisions 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 consider 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.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, the abbreviated accounts on pages 5 to 18 are properly prepared in accordance with those provisions.



Robson Rhodes
Chartered Accountants and Registered Auditor

Cambridge
19 July 1999

LATTICE LABELS LIMITED

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

	Note	1998 £	1997 £
Gross profit		1,419,960	1,338,211
Selling and distribution costs		(211,305)	(229,014)
Administrative expenses		(957,259)	(901,035)
		<hr/>	<hr/>
Operating profit: continuing operations	3	251,396	208,162
Interest receivable		5,867	6,603
Interest payable	4	(19,045)	(14,333)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		238,218	200,432
Tax on profit on ordinary activities	7	(57,092)	(43,112)
		<hr/>	<hr/>
Profit for the financial year		181,126	157,320
		<hr/> <hr/>	<hr/> <hr/>

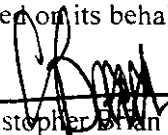
There were no gains or losses other than the profit for the year.

LATTICE LABELS LIMITED**ABBREVIATED BALANCE SHEET
at 31 December 1998**

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	8	884,695	692,998
Current assets			
Stocks	9	216,201	188,353
Debtors	10	783,320	850,816
Cash at bank and in hand		78,406	220,979
		1,077,927	1,260,148
Creditors: Amounts falling due within one year	11	(1,118,818)	(1,314,506)
Net current liabilities		(40,891)	(54,358)
Total assets less current liabilities		857,970	638,640
Creditors: Amounts falling due after one year	12	(117,074)	(111,250)
Provision for liabilities and charges	14	(43,285)	(25,071)
		683,445	502,319
Capital and reserves			
Called up share capital	15	102,500	102,500
Share premium	16	1,425	1,425
Profit and loss account	16	579,520	398,394
Shareholders' funds (including non-equity)	17	683,445	502,319

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

The abbreviated financial statements were approved by the Board on 7 July 1999 and signed on its behalf by:


Christopher Brian Beadle
Director

LATTICE LABELS LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 1998

	Note	1998 £	1997 £
Net cash inflow from operating activities	18	131,198	440,264
		<hr/>	<hr/>
Returns on investment and servicing of finance			
Interest received		5,867	6,603
Interest paid		(8,524)	(7,561)
Interest element of finance lease payments		(10,521)	(6,772)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of financing		(13,178)	(7,730)
		<hr/>	<hr/>
Taxation paid			
UK corporation tax		(34,167)	(28,858)
		<hr/>	<hr/>
Capital expenditure			
Payments for tangible fixed assets		(161,426)	(116,013)
		<hr/>	<hr/>
Net cash flow before use of liquid resources		(77,573)	287,663
		<hr/>	<hr/>
Financing			
Issue of share capital		-	2,050
Repayment of loans	19	(35,000)	(35,000)
Capital element of finance lease payments		(30,000)	(71,157)
		<hr/>	<hr/>
Net cash outflow from financing		(65,000)	(104,107)
		<hr/>	<hr/>
(Decrease)/increase in cash	20	(142,573)	183,556
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 December 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods supplied to third parties.

Tangible fixed assets and depreciation

Depreciation is provided on the book value or cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

Long leasehold	2% per annum on cost
Computer equipment	25% per annum on cost
Plant, fixtures and fittings	15% per annum on book value
Motor vehicles	25% per annum on cost

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis and comprises purchase price. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation only to the extent that it is probable that the tax will become payable. The provision is made at the rate at which it is estimated that the tax will be paid.

Leased assets

Assets held under finance leases and hire purchase contracts are included in the balance sheet and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
31 December 1998**1. ACCOUNTING POLICIES (continued)****Pensions**

The company pays pension contributions into a personal pension plan for four of the directors. The pension cost charge represents contributions payable in the year.

2. TURNOVER

The analysis of turnover by geographical market is as follows:

	1998	1997
	£	£
United Kingdom	3,705,686	3,719,912
	<u> </u>	<u> </u>

3. OPERATING PROFIT

Operating profit is arrived at after charging:

	1998	1997
	£	£
Depreciation of tangible fixed assets	95,553	91,491
Auditors' remuneration	5,000	5,000
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	1998	1997
	£	£
Bank overdraft and loans	8,524	7,561
HP interest	10,521	6,772
	<u> </u>	<u> </u>
	19,045	14,333
	<u> </u>	<u> </u>

LATTICE LABELS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 December 1998

5. EMPLOYEES

Average weekly number of employees, including directors:

	1998	1997
	£	No
Office and management	3	3
Production and development	18	18
Selling and marketing	5	5
	<u>26</u>	<u>26</u>

Staff costs, including directors:

	1998	1997
	£	£
Wages and salaries	560,314	517,410
Social security costs	56,861	52,299
Pensions - defined contributions scheme	13,336	9,086
	<u>630,511</u>	<u>578,795</u>

6. DIRECTORS

Emoluments	1998	1997
	£	£
Remuneration	197,760	173,906

Four of the directors is accruing retirement benefit under a money purchase scheme.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
31 December 1998

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax charge for the year:	1998	1997
	£	£
Corporation tax at 21% (1997: 22%)	24,712	32,527
Deferred taxation	28,115	11,763
Adjustment in respect of prior years:		
Corporation tax	14,166	(4,223)
Deferred taxation	(9,901)	3,045
	<hr/>	<hr/>
	57,092	43,112
	<hr/>	<hr/>

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
31 December 1998

8. TANGIBLE FIXED ASSETS

	Long leasehold £	Computer equipment £	Fixtures and fittings £	Plant and machinery £	Motor Vehicles £	Total £
Cost						
At 1 January 1998	313,372	90,552	32,431	521,087	-	957,442
Additions	-	17,793	5,274	249,811	14,951	287,251
Disposals	-	(578)	-	-	-	(578)
At 31 December 1998	313,372	107,767	37,705	770,898	14,951	1,244,693
Depreciation						
At 1 January 1998	12,534	53,047	10,879	187,985	-	264,445
Charged in year	6,267	20,400	3,673	61,787	3,426	95,553
Disposals	-	(578)	-	-	-	(578)
At 31 December 1998	18,801	73,447	14,552	249,772	3,426	359,998
Net book value						
At 31 December 1998	294,571	34,320	23,153	521,126	11,525	884,695
At 31 December 1997	300,838	37,505	21,552	333,103	-	692,998

The net book value of tangible fixed assets includes £303,881 (1997: £201,902) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on those assets amounted to £82,879 (1997: £35,630).

LATTICE LABELS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**31 December 1998****9. STOCKS**

	1998	1997
	£	£
Raw materials and consumables	137,071	89,466
Finished goods and goods for resale	79,130	98,887
	<hr/>	<hr/>
	216,201	188,353
	<hr/>	<hr/>

10. DEBTORS

	1998	1997
	£	£
Trade debtors	747,086	821,092
Amount owed by group undertakings	2,734	887
Other debtors	16,099	15,912
Prepayments	17,401	12,925
	<hr/>	<hr/>
	783,320	850,816
	<hr/>	<hr/>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	1997
	£	£
Borrowings (note 13)	120,000	65,000
Trade creditors	821,172	1,096,018
Amount due to group undertakings	453	-
Accruals	109,968	88,378
Corporation tax	37,238	32,527
Other taxation and social security	30,440	32,583
	<hr/>	<hr/>
	1,118,818	1,314,506
	<hr/>	<hr/>

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**31 December 1998****12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	1998	1997
	£	£
Borrowings (note 13)	117,074	111,250
	<u> </u>	<u> </u>

13. BORROWINGS

	1998	1997
	£	£
Due within one year		
Bank loan	35,000	35,000
Obligations under hire purchase contracts	85,000	30,000
	<u> </u>	<u> </u>
	120,000	65,000
	<u> </u>	<u> </u>
Due between one and two years		
Bank loan	35,000	35,000
Obligations under hire purchase contracts	42,500	15,000
	<u> </u>	<u> </u>
	77,500	50,000
	<u> </u>	<u> </u>
Due between two and five years		
Bank loan	26,250	61,250
Obligations under hire purchase contracts	13,324	-
	<u> </u>	<u> </u>
	39,574	61,250
	<u> </u>	<u> </u>
Total borrowings	237,074	176,250
	<u> </u>	<u> </u>

The bank overdraft and loan are secured by a fixed and floating charge over the assets of the company, and a fixed charge over the leasehold property and a specific machine.

LATTICE LABELS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS 31 December 1998

14. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation	£
At 1 January 1998	25,071
Transfer from profit and loss account	18,214
	<hr/>
At 31 December 1998	43,285
	<hr/> <hr/>

Full provision is made for deferred taxation and comprises:

	1998	1997
	£	£
Capital allowances	43,285	25,071
	<hr/> <hr/>	<hr/> <hr/>

15. SHARE CAPITAL

	1998	1997
	£	£
Authorised, allotted and fully paid		
100,000 ordinary shares of £1 each	100,000	100,000
18,750 ordinary 'A' shares of 10p each	1,875	1,875
3,125 ordinary 'B' shares of 10p each	313	313
3,125 ordinary 'C' shares of 10p each	312	312
	<hr/>	<hr/>
	102,500	102,500
	<hr/> <hr/>	<hr/> <hr/>

Non-equity

The 'A', 'B' and 'C' ordinary shares carry no voting rights and will only rank pari passu with ordinary shares for participation in dividends if certain future profit targets are met.

If profit targets are not met these shares will be converted to deferred 'A', 'B' and 'C' shares respectively with no rights to participate in dividends or surplus assets on a winding up.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
31 December 1998**16. RESERVES**

	Share premium £	Profit and loss account £
At 1 January 1998	1,425	398,394
Profit for the financial year	-	181,126
	<hr/>	<hr/>
At 31 December 1998	1,425	579,520
	<hr/>	<hr/>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	181,126	157,320
Net proceeds of share issue	-	2,050
Opening shareholders' funds	502,319	342,949
	<hr/>	<hr/>
Closing shareholders' funds	683,445	502,319
	<hr/>	<hr/>

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

	1998 £	1997 £
Operating profit	251,396	208,162
Depreciation	95,553	91,491
(Increase)/decrease in stock	(27,848)	18,904
Decrease/(increase) in debtors	67,496	(36,712)
(Decrease)/increase in creditors	(255,399)	158,419
	<hr/>	<hr/>
Net cash inflow from operating activities	131,198	440,264
	<hr/>	<hr/>

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 December 1998

19. ANALYSIS OF NET DEBT

	At 1 January 1998 £	Cashflow £	Inception of finance leases £	At 31 December 1998 £
Cash in hand and at bank	220,979	(142,573)	-	78,406
Debt due within one year	(35,000)	-	-	(35,000)
Debt due after one year	(96,250)	35,000	-	(61,250)
Finance leases	(45,000)	30,000	(125,824)	(140,824)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net debt	44,729	(77,573)	(125,824)	(158,688)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20. RECONCILIATION OF NET CASHFLOW TO MOVEMENTS IN NET DEBT

	1998 £	1997 £
(Decrease)/increase in cash in period	(142,573)	183,556
Cash inflow from change in financing	65,000	106,157
	<u> </u>	<u> </u>
Change in net debt resulting from cashflows	(77,573)	289,713
New finance leases	(125,824)	-
	<u> </u>	<u> </u>
Movement in net debt in period	(203,397)	289,713
Opening net debt	44,729	(244,984)
	<u> </u>	<u> </u>
Closing net debt	(158,668)	44,729
	<u> </u>	<u> </u>

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
31 December 1998

21. RELATED PARTY TRANSACTIONS

The company entered into transactions with related parties during the year as follows:

Trade sales were made to related parties totalling £22,307 (1997: £19,018) in the year and purchases were made from related parties totalling £2,101 (1997: £4,450).

The following companies are related parties by virtue of the director K Mellor's interest in the share capital:

Limpet Tapes Limited
Tapekraft Limited
Bandfix Limited
Alphadot Limited
Swallow Tapes Limited

At 31 December the total amount owed to these parties in relation to the above transactions was £793 (1997: £1,160). At 31 December the total amounts due from these parties was £2,354 (1997: £2,135).

22. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is The Limpet Group Limited, a company incorporated in England and Wales. It is situated at the address shown on page 1 and its financial statements may be obtained from Companies House in Cardiff.