



Financial statements Lattice Labels Limited

For the Year Ended 31 December 2010

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Company No. 2589295

Company information

Company registration number	2589295
Registered office	2 Chester Road Colmworth Business Park ST NEOTS PE19 8YT
Directors	CB Beadle JL Roberts M Chambers G Powell
Secretary	TC Clifton
Bankers	Barclays Bank plc 41 High Street ST NEOTS PE19 1AS
Solicitors	Schofield Sweeney Number 1 Valley Court Canal Road BRADFORD BD1 4SP
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 202 Silbury Boulevard Central Milton Keynes MK9 1LW

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Report of the directors

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

Principal activities and business review

The principal activity of the company during the year was the manufacture and wholesale of adhesive labels

The directors are satisfied with the performance for the year and are cautiously optimistic for the future

Results and dividends

The profit for the year amounted to £193,247 (2009 £128,884) A dividend of £280,000 (2009 £nil) was paid in the year

Key performance indicators

- 1 Growth in turnover is a key measure of the company's success in winning new business and retaining existing customers Significant raw material increases and a general market conditions has led to a turnover increase of 10 % compared to 2009
- 2 Cash collection and stock management forms part of our working capital management At the year end average debtor days were 70.4 compared to a target of 65 days and average stock turns of 21.9. 1 exceeded our target of 20.1

The group measures its non-financial performance in several areas as follows

- 1 The securing of new business is a critical area if the business is to continue to grow The value of contracts won during the year is therefore closely monitored During the year the level of new business won was significantly up against target due in part to increasing inflationary pressure
- 2 For similar reasons, the level of contract losses is also measured Contract losses are categorised into two areas – those under our control and those outside of our control The level of contract losses under our control was lower than anticipated, whilst contract losses outside of our control (receiverships and closures) was broadly on target
- 3 Productivity efficiency is monitored and assessed and is compared against previous year's performance output per machine hour This shows a performance improvement of 4.9% which was above expected levels

Financial risk management objectives and policies

The company uses various financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

Report of the directors (continued)

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses price risk, mainly from Eastern European markets. The company ensures we can offer more favourable order turnarounds than these markets.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by an asset backed bank lending facility.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Credit risk

The company's principal financial assets are cash and trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by management on a regular basis in conjunction with debt ageing and collection history. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Directors

The directors who served the company during the year were as follows:

CB Beadle
JL Roberts
M Chambers

G Powell was appointed as a director on 27 January 2011.

Directors' Responsibilities Statement

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Report of the directors (continued)

Directors' Responsibilities Statement (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and 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 judgments and accounting estimates that are reasonable and prudent,
- 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 the financial statements comply with the Companies Act 2006. 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.

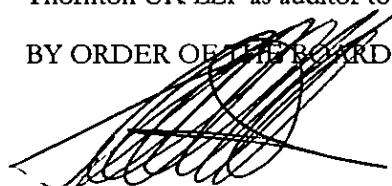
In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

During the period, Grant Thornton UK LLP were appointed as auditor. A resolution to re-appoint Grant Thornton UK LLP as auditor to the company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



TC Clifton
Secretary

21 July 2011



Report of the independent auditor to the member of Lattice Labels Limited

We have audited the financial statements of Lattice Labels Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 set out on pages 4 and 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 and express an opinion on the financial statements in accordance with applicable law 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 www.frc.org.uk/apb/scope/private.cfm.

Opinion on 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 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.



Report of the independent auditor to the member of Lattice Labels Limited (continued)

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

Grant Thornton UK LLP.

John Corbishley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

22 July 2011.

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year.

Cashflow exemption

The directors have taken advantage of the exemption from preparing a cash flow statement, which is available to a wholly owned subsidiary undertaking, where the parent publishes full consolidated accounts.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. The remaining useful economic life is reviewed on an annual basis. The initial useful economic life on purchase is as follows:

Plant & Machinery	-	5-20%
Fixtures & Fittings	-	5-10%
Computer Equipment	-	25-50%

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Principal accounting policies (continued)

Taxation

Current tax, including corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

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 differences can be deducted

Deferred tax is measured on an undiscounted 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

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

Profit and loss account

	Note	2010 £	2009 £
Turnover	1	6,502,618	5,911,303
Cost of sales		4,424,903	4,003,543
Gross profit		2,077,715	1,907,760
Other operating charges		1,779,529	1,666,605
Operating profit	2	298,186	241,155
Interest payable and similar charges	5	(56,066)	(52,139)
Interest receivable		788	66
Profit on ordinary activities before taxation		242,908	189,082
Tax on profit on ordinary activities	6	(49,661)	(60,198)
Profit for the financial year	18	193,247	128,884

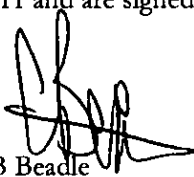
All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	8	<u>521,796</u>	<u>638,298</u>
Current assets			
Stocks	9	143,557	155,092
Debtors due within one year	10	1,849,133	1,422,484
Debtors due after one year	10	1,627,375	1,872,098
Cash at bank and in hand		<u>180,354</u>	<u>60,316</u>
		<u>3,800,419</u>	<u>3,509,990</u>
Creditors: amounts falling due within one year	11	<u>(2,997,859)</u>	<u>(2,642,735)</u>
Net current assets		<u>802,560</u>	<u>867,255</u>
Total assets less current liabilities		<u>1,324,356</u>	<u>1,505,553</u>
Creditors: amounts falling due after more than one year	12	<u>-</u>	<u>81,233</u>
Provisions for liabilities			
Deferred taxation	14	<u>51,666</u>	<u>64,877</u>
		<u>1,272,690</u>	<u>1,359,443</u>
Capital and reserves			
Called-up equity share capital	17	308,750	308,750
Profit and loss account	18	<u>963,940</u>	<u>1,050,693</u>
Shareholder's funds	19	<u>1,272,690</u>	<u>1,359,443</u>

These financial statements were approved by the directors and authorised for issue on 21 July 2011 and are signed on their behalf by


 CB Beadle
 Director

Company number 2589295

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2010 £	2009 £
United Kingdom	6,109,772	5,589,571
Rest of European Union	383,933	321,732
Rest of the World	8,913	-
	<u>6,502,618</u>	<u>5,911,303</u>

2 Operating profit

Operating profit is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of owned fixed assets	124,388	137,640
Depreciation of assets held under hire purchase agreements	17,745	17,745
Auditor's remuneration		
Audit fees	9,500	9,000
Non audit	1,550	1,500
Operating lease costs		
Land and building	137,250	137,250
Other	22,762	18,943
Net profit on foreign currency translation	<u>(23,271)</u>	<u>(45,330)</u>

Notes to the financial statements (continued)

3 Staff costs

The average number of staff employed by the company during the financial year amounted to

	2010 No	2009 No
Production and development	36	36
Office management	2	3
	<u>38</u>	<u>39</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	998,088	944,524
Social security costs	98,727	91,263
Other pension costs	34,685	25,310
	<u>1,131,500</u>	<u>1,061,097</u>

4 Directors

Remuneration in respect of directors was as follows

	2010 £	2009 £
Emoluments	241,622	219,903
Value of company pension contributions to money purchase schemes	11,255	11,255
	<u>252,877</u>	<u>231,158</u>

Emoluments of highest paid director

	2010 £	2009 £
Total emoluments (excluding pension contributions)	95,851	86,012
Value of company pension contributions to money purchase schemes	3,300	-
	<u>99,151</u>	<u>86,012</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2010 No	2009 No
Money purchase schemes	<u>3</u>	<u>3</u>

Notes to the financial statements (continued)

5 Interest payable and similar charges

	2010 £	2009 £
Interest payable on bank borrowing	117	595
Finance charges on hire purchase	36,105	33,165
Other similar charges payable	19,844	18,379
	<u>56,066</u>	<u>52,139</u>

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2009 28%)	64,955	42,888
Prior period adjustment	(2,083)	-
Total current tax	<u>62,872</u>	<u>42,888</u>
Deferred tax		
Origination and reversal of timing differences	(13,211)	17,310
Tax on profit on ordinary activities	<u>49,661</u>	<u>60,198</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year at the standard rate of corporation tax in the UK of 28% (2009 28%) reconciles to the tax charge as follows

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>242,908</u>	<u>189,082</u>
Profit on ordinary activities by rate of tax	68,014	52,943
Expenses not deductible for tax purposes	822	3,112
Difference between capital allowances for the year and depreciation	9,011	4,064
Group relief claimed	(8,478)	(7,401)
Marginal tax relief	(4,414)	(9,830)
Prior period adjustment	(2,083)	-
Total current tax (note 7(a))	<u>62,872</u>	<u>42,888</u>

Notes to the financial statements (continued)

7 Dividends

Dividends on shares classed as equity

	2010 £	2009 £
Dividends paid on ordinary shares	<u>280,000</u>	<u>-</u>

8 Tangible fixed assets

	Plant & Machinery £	Fixtures, Fittings & Equipment £	Total £
Cost			
At 1 January 2010	2,352,001	356,918	2,708,919
Additions	4,613	21,018	25,631
Disposals	-	-	-
At 31 December 2010	<u>2,356,614</u>	<u>377,936</u>	<u>2,734,550</u>
Depreciation			
At 1 January 2010	1,765,318	305,303	2,070,621
Charge for the year	123,956	18,177	142,133
On disposals	-	-	-
At 31 December 2010	<u>1,889,274</u>	<u>323,480</u>	<u>2,212,754</u>
Net book value			
At 31 December 2010	<u>467,340</u>	<u>54,456</u>	<u>521,796</u>
At 31 December 2009	<u>586,683</u>	<u>51,615</u>	<u>638,298</u>

Included within the net book value of £521,796 is £12,000 (2009 - £15,000) for Fixtures, Fittings & Equipment and £182,871 (2009 - £197,617) for Plant and Machinery relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,000 (2009 - £3,000) for Fixtures, Fittings & Equipment and £14,745 (2009 - £14,745) for Plant and Machinery.

9 Stocks

	2010 £	2009 £
Raw materials	106,577	86,385
Finished goods	36,980	68,707
	<u>143,557</u>	<u>155,092</u>

Notes to the financial statements (continued)

10 Debtors

	2010 £	2009 £
Trade debtors	1,764,901	1,355,965
Amounts owed by group undertakings	1,627,375	1,872,098
Other debtors	15,923	738
Prepayments and accrued income	68,309	65,781
	<u>3,476,508</u>	<u>3,294,582</u>

The debtors above include the following amounts falling due after more than one year

	2010 £	2009 £
Amounts owed by group undertakings	<u>1,627,375</u>	<u>1,872,098</u>

11 Creditors: amounts falling due within one year

	2010 £	2009 £
Invoice discounting balance	1,457,574	887,311
Bank overdraft	11,913	10,628
Trade creditors	1,149,515	1,382,773
Corporation tax	64,956	42,888
Other taxation and social security	133,586	102,085
Amounts due under hire purchase agreements	81,233	131,679
Other creditors	-	20,444
Accruals and deferred income	99,082	64,927
	<u>2,997,859</u>	<u>2,642,735</u>

The bank overdraft is secured by a charge over the fixed assets of the company

The company has granted a floating charge on its trade debtors to secure invoice discounting borrowing totalling £1,457,574 (2009 £887,311)

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate

12 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Amounts due under hire purchase agreements	<u>-</u>	<u>81,233</u>

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate

Notes to the financial statements (continued)

13 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows

	2010 £	2009 £
Amounts payable within 1 year	81,233	131,679
Amounts payable between 1 and 2 years	-	81,233
Amounts payable between 3 and 5 years	-	-
	<u>81,233</u>	<u>212,912</u>

14 Deferred taxation

The movement in the deferred taxation provision during the year was

	2010 £	2009 £
Provision brought forward	64,877	47,567
Profit and loss account movement arising during the year	(13,211)	17,310
Provision carried forward	<u>51,666</u>	<u>64,877</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2010 £	2009 £
Excess of taxation allowances over depreciation on fixed assets	<u>51,666</u>	<u>64,877</u>

Notes to the financial statements (continued)

15 Leasing commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		2009	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	3,147	-	2,734
Within 2 to 5 years	-	22,204	-	14,467
After more than 5 years	137,250	-	137,250	8,010
	<u>137,250</u>	<u>25,351</u>	<u>137,250</u>	<u>25,211</u>

16 Related party transactions

The company paid interest of £30,277 (2009 £26,433) and capital of £5,000 (2009 £nil) in respect of borrowings in Random Factor Limited, the parent undertaking

The amount due from Random Factor Limited at 31 December 2010 was £1,627,375 (2009 £1,872,098) At 31 December 2010, the amount due from this company is unsecured and interest free with no fixed repayment date The directors do not anticipate calling this amount for repayment within the next 12 months and so this is considered to be due after more than one year

17 Share capital

Authorised share capital

	2010	2009
	£	£
308,750 Ordinary shares of £1 each	<u>308,750</u>	<u>308,750</u>

Allotted, called up and fully paid

	2010		2009	
	No	£	No	£
Ordinary shares of £1 each	<u>308,750</u>	<u>308,750</u>	<u>308,750</u>	<u>308,750</u>

Notes to the financial statements (continued)

18 Profit and loss account

	2010 £	2009 £
Balance brought forward	1,050,693	921,809
Profit for the financial year	193,247	128,884
Equity dividends	(280,000)	-
Balance carried forward	<u>963,940</u>	<u>1,050,693</u>

19 Reconciliation of movements in shareholder's funds

	2010 £	2009 £
Profit for the financial year	193,247	128,884
Equity dividends	(280,000)	-
Net addition/(reduction) to shareholder's funds	(86,753)	128,884
Opening shareholder's funds	<u>1,359,443</u>	<u>1,230,559</u>
Closing shareholder's funds	<u>1,272,690</u>	<u>1,359,443</u>

20 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £18,000 (2009 - £nil)

21 Ultimate parent company

The ultimate parent undertaking of this company is Random Factor Limited. The ultimate controlling related parties of the company are the Board of directors of Random Factor Limited by virtue of their directorships and shareholdings of that company.