

Adare Lexicon Limited

Directors' report and
financial statements

Year ended 30 April 2007

Registered Number 3014889

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Adare Lexicon Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report	5
Statement of accounting policies	7
Profit and loss account	9
Balance sheet	10
Notes forming part of the financial statements	11

Adare Lexicon Limited

Directors' report and other information

Directors	R Whiteside C Everard P Livesey
Secretary	Marrons Consultancies Limited
Registered office	1 Meridian South Meridian Business Park Leicester LE19 1WY England
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Solicitors	Marrons 1 Meridian South Meridian Business Park LE19 1WY England
Bankers	The Bank of Scotland 116 Wellington Street Leeds LS1 4LT England

Adare Lexicon Limited

Directors' report *(continued)*

The directors present their annual report and audited financial statements for the year ended 30 April 2007

Results and dividends

The profit for the year, after taxation, amounted to £1,538,000 (2006 £1,735,000). The directors do not recommend the payment of a dividend

Principal activity and review of the business

The company's principal activity during the year was as a transactional communication and document management solutions provider

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.

Key performance indicators

Key performance indicators which are focused on by management include

- daily 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

Adare Lexicon Limited

Directors' report *(continued)*

Key performance indicators *(continued)*

Each of these indicators is monitored by management against trading and cash flow budgets which are prepared every six months. The indicators are also monitored against prior periods. Half yearly product reviews with principal suppliers are attended by management.

Directors and their interests

Mr R. Whiteside and Mr C. Everard were directors of the company's ultimate parent undertaking, ACICS Limited, at 30 April 2007 and their interests are disclosed in that company's financial statements.

The interests of the other director and the company secretary in office at 30 April 2007, including interests of their spouses and minor children, in the share capital and loan notes of ACICS Limited at the beginning of the year (or date of appointment if later) and the end of the year were

<i>Name of director</i>	<i>Name of company and Description of Instrument</i>	<i>30 April 2007 Number</i>	<i>30 April 2006 Number</i>
P. Livesey	Ordinary shares of £1 each	125,469	125,469

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 30 April 2007, the company had an average of 44 days purchases outstanding in creditors.

Post balance sheet events

There have been no significant events affecting the company since 30 April 2007.

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

The shareholder has resolved by an Elective Resolution, to dispense with the annual reappointment of auditors at an Annual General Meeting of the company. Accordingly, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

R. Whiteside
Director



29 June 2007

Adare Lexicon Limited

Statement of directors' responsibilities in respect of the accounts

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)

The financial statements are required by law to 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 proper accounting records that 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, 1985. 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



R Whiteside
Director



KPMG
Chartered Accountants
1 Stokes Place
St. Stephens Green
Dublin 2
Ireland

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

We have audited the financial statements of Adare Lexicon Limited for the year ended 30 April 2007 which comprises the profit and loss account, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act, 1985. 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 described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, 1985. We also report to you whether, in our opinion, the Directors' Report is not consistent with the financial statements.

In addition we report to you if, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider implications for our report if we become aware of any apparent misstatements within it.



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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 considered 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 financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act, 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Chartered Accountants
Registered Auditor*

29 June 2007

Adare Lexicon Limited

Statement of accounting policies *for the year ended 30 April 2007*

Basis of preparation

The financial statements are 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

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

Tangible fixed assets

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

Freehold property	-	50 years
Fixtures and fittings	-	5 years
Plant and machinery	-	3-5 years

Depreciation is charged on new assets in the month following satisfactory commissioning. Land is not depreciated. 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

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

Adare Lexicon Limited

Statement of accounting policies *(continued)* *for the year ended 30 April 2007*

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayment outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The company operates a defined contribution pension scheme for the benefit of its employees. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. Further details are given in note 16 to the financial statements

Turnover

Turnover represents the fair value of goods, excluding value added tax, delivered to or collected by third party customers in the financial year. Goods are seen to be 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

Adare Lexicon Limited

Profit and loss account for the year ended 30 April 2007

	Notes	2007 £000	2006 £000
Turnover – continuing operations	<i>1</i>	13,955	12,018
Cost of sales		(11,498)	(9,482)
		<hr/>	<hr/>
Gross profit		2,457	2,536
Administrative expenses		(954)	(692)
Other operating income		67	125
		<hr/>	<hr/>
Operating profit – continuing operations	<i>2</i>	1,570	1,969
Interest receivable	<i>3</i>	562	403
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,132	2,372
Tax on profit on ordinary activities	<i>4</i>	(594)	(637)
		<hr/>	<hr/>
Profit retained for the financial year	<i>13</i>	1,538	1,735
		<hr/>	<hr/>

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

On behalf of the board



R. Whiteside
Director

Adare Lexicon Limited

Balance sheet

at 30 April 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	7	2,291	2,459
		<hr/>	<hr/>
Current assets			
Debtors	8	10,183	8,899
Cash at bank and in hand		2,553	860
		<hr/>	<hr/>
Creditors: amounts falling due within one year	10	12,736 (4,584)	9,759 (3,479)
		<hr/>	<hr/>
Net current assets		8,152	6,280
		<hr/>	<hr/>
Total assets less current liabilities		10,443	8,739
		<hr/>	<hr/>
Provision for liabilities and charges	11	(166)	-
		<hr/>	<hr/>
Net assets		10,277	8,739
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	10,277	8,739
		<hr/>	<hr/>
Equity shareholders' funds	14	10,277	8,739
		<hr/>	<hr/>

On behalf of the board



R Whiteside
Director

Adare Lexicon Limited

Notes

forming part of the financial statements

1 Turnover

Turnover represents the total amount, less value added tax, receivable by the company for goods and services provided during the year.

Turnover is wholly derived from the company's principal activity and arises within the United Kingdom

All turnover and operating profit is attributable to continuing operations

2 Operating profit	2007	2006
	£'000	£'000
Operating profit is stated after charging		
Depreciation of tangible fixed assets		
- owned	240	180
- leased	-	-
Auditor's remuneration	8	8
Hire of plant and machinery	9	9
Management charge	231	101
	<hr/>	<hr/>
3 Interest receivable	2007	2006
	£'000	£'000
From other group undertakings	474	345
From third parties	88	58
	<hr/>	<hr/>
	562	403
	<hr/>	<hr/>

Adare Lexicon Limited

Notes (continued)

4 Tax on profit on ordinary activities

(a) Analysis of charge in year	2007	2006
	£'000	£'000
<i>Current tax</i>		
UK corporation tax on profits for the year	700	640
Prior year over provision in corporation tax	(19)	(3)
	<hr/>	<hr/>
Total current tax (note 4 (b))	681	637
<i>Deferred tax</i>		
Reversal of timing differences	(46)	-
Adjustments in respect of previous periods	(41)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	594	637
	<hr/>	<hr/>

(b) Factors affecting current tax charge in year

The tax assessed for the year is higher (2006 lower) than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	2007	2006
	£'000	£'000
Profit on ordinary activities before tax	2,132	2,372
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	640	712
<i>Effects of</i>		
Expenses not deductible for tax purposes	11	9
Capital allowances in excess of depreciation	46	-
Depreciation in excess of capital allowances	-	(90)
Other adjustments	3	8
Adjustments to tax charge in respect of prior periods	(19)	(3)
Other timing differences	-	1
	<hr/>	<hr/>
Current tax charge for year (note 4 (a))	681	637
	<hr/>	<hr/>

Adare Lexicon Limited

Notes (continued)

5 Directors' emoluments

	2007 £'000	2006 £'000
Emoluments	171	13
Contributions to defined contribution pension scheme	9	1
	<u>180</u>	<u>14</u>
	2007 Number	2006 Number
Members of defined contribution pension schemes	1	-

Two (2006 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 30 April 2007, 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 18.

6 Staff costs

	2007 £'000	2006 £'000
Wages and salaries	3,135	3,112
Social security costs	313	338
Other pension costs	53	61
	<u>3,501</u>	<u>3,511</u>

The monthly average number of employees during the year was as follows

	2007 Number	2006 Number
Production	97	101
Administration	7	8
	<u>104</u>	<u>109</u>

Adare Lexicon Limited

Notes (continued)

7 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 May 2006	1,992	4,544	306	6,842
Additions	-	73	-	73
Disposals	-	(576)	-	(576)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2007	1,992	4,041	306	6,339
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 May 2006	248	3,868	267	4,383
Charged during the year	30	202	8	240
Disposals	-	(575)	-	(575)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2007	278	3,495	275	4,048
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 April 2007	1,714	546	31	2,291
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2006	1,744	676	39	2,459
	<hr/>	<hr/>	<hr/>	<hr/>

Included in freehold land and buildings is land with a net book value of £500,000 (2006 £500,000) which is not depreciated

Adare Lexicon Limited

Notes (continued)

8 Debtors	2007 £'000	2006 £'000
Amounts falling due within one year		
Trade debtors	1,969	2,300
Prepayments and other debtors	387	379
Amounts owed by parent undertaking	7,564	6,205
Amounts owed by fellow group undertakings	176	15
	<hr/>	<hr/>
	10,096	8,899
Amounts falling due after one year		
Deferred tax asset (note 9)	87	-
	<hr/>	<hr/>
	10,183	8,899
	<hr/>	<hr/>
9 Deferred tax asset	2007 £'000	2006 £'000
At beginning of year	-	-
Credited to profit and loss account in year	87	-
	<hr/>	<hr/>
At end of year (note 8)	87	-
	<hr/>	<hr/>
<i>Deferred tax asset arise as follows</i>		
Other timing differences	87	-
	<hr/>	<hr/>
10 Creditors: amounts falling due within one year	2007 £'000	2006 £'000
Trade creditors	1,748	1,468
Amounts owed to parent undertaking	1,257	631
Amounts owed to fellow group undertakings	22	-
Corporation tax	700	639
Other taxes and social security costs	402	231
Accruals	455	510
	<hr/>	<hr/>
	4,584	3,479
	<hr/>	<hr/>

Adare Lexicon Limited

Notes (continued)

11 Provision for liabilities and charges	Restructuring 2007 £'000
At beginning of year	-
Charged in year	166
At end of year	166

Provision has been made for certain restructuring costs associated with the relocation of the company's operations, including associated redundancy costs

12 Share capital	2007 £'000	2006 £'000
<i>Authorised, allotted, called up and fully paid</i> 1 ordinary share of £1	-	-

13 Profit and loss account	2007 £'000	2006 £'000
At beginning of year	8,739	7,004
Profit for the year	1,538	1,735
At end of year	10,277	8,739

14 Reconciliation of shareholders' funds	2007 £'000	2006 £'000
At beginning of year	8,739	7,004
Total recognised gains and losses for the year	1,538	1,735
At end of year	10,277	8,739

Adare Lexicon Limited

Notes (continued)

15 Other financial commitments

Operating leases

At 30 April 2007 the company had annual commitments under non-cancelable operating leases as set out below

	2007 Other £'000	2006 Other £'000
Operating leases which expire		
Within one year	28	22
In two to five years	19	54
	<hr/>	<hr/>
	47	76
	<hr/>	<hr/>

Capital expenditure commitments

At the year end there were no capital commitments authorised by the Board (2006 £Nil).

16 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 Lexicon 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

17 Pension commitments

The company operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were unpaid contributions outstanding at the year end of £Nil (2006 £Nil).

18 Ultimate parent undertaking

The company's immediate parent undertaking is Adare Limited and its ultimate parent undertaking is ACICS Limited. All of these companies are incorporated in England and Wales.

The only consolidated financial statements in which the results of Adare Lexicon Limited at 30 April 2007 are included is that of ACICS Limited. Copies of the consolidated financial statements of ACICS Limited are filed at Companies House, Crown Way, Cardiff.

19 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.

Adare Lexicon Limited

Notes *(continued)*

20 Post balance sheet events

No significant events affecting the company have occurred since 30 April 2007

21 Approval of financial statements

The financial statements were approved by the directors on 29 June 2007