

**Rivendell Europe Limited**

**Directors' report and financial  
statements**

**Registered number 3374815  
30 September 2010**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2010

### Principal activities

The principal activities of the company are the supply of pre-media services to packaging and home shopping markets

### Business review

Our services are extended to include all pre-media supply chain services up to printing

We have also doubled our capacity in photopolymer plate making

The company's aim for this financial year is to develop our 3D and high definition offers into the total service package

### Proposed dividend

The directors do not recommend the payment of a dividend

### Directors

The directors who held office during the period were as follows

J McAulay  
I Ferris  
AD Spowart

### Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that their ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Political and charitable contributions

The company made no political contributions during the year Donations to UK charities amounted to £nil (2009 £nil)

### Auditors

A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



J McAulay  
Director

Wira Business Park  
Clayton Wood Rise  
Leeds  
LS16 6EB  
9 June 2011

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law.

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 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 judgments 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 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 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.



## KPMG LLP

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditor's report to the members of Rivendell Europe Limited**

We have audited the financial statements of Rivendell Europe Limited for the year ended 30 September 2010 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **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 30 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

## **Independent auditors' report to the members of Rivendell Europe 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



**Chris Hearld (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 The Embankment  
Leeds  
LS1 4DW

9 JUNE 2011

**Profit and loss account**  
*for the year ended 30 September 2010*

	Note	Continuing operations	
		2010 Total £	2009 Total £
Turnover		4,334,085	4,330,811
Change in stocks of finished goods and work in progress		(19,025)	(3,880)
Raw materials and consumables		(815,873)	(802,239)
Staff costs	3-4	(2,265,243)	(2,389,930)
Depreciation and other amounts written off tangible fixed assets		(144,498)	(138,771)
Other operating charges		(1,005,428)	(913,023)
<b>Operating profit</b>		<b>84,018</b>	<b>82,968</b>
Interest payable and similar charges	5	(63,739)	(72,319)
Interest receivable and similar receipts		-	287
<b>Profit on ordinary activities before taxation</b>	2-5	<b>20,279</b>	<b>10,936</b>
Tax on profit on ordinary activities	6	(18,510)	(7,726)
<b>Profit for the financial year</b>	14	<b>1,769</b>	<b>3,210</b>

There are no recognised gains or losses for the year other than the loss for the year as shown above

**Balance sheet**  
*at 30 September 2010*

	<i>Note</i>	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	7	451,163	362,258
<b>Current assets</b>			
Stocks	8	169,598	188,623
Debtors (including £460,687, (2009 £460,687) due after more than one year)	9	1,545,210	1,637,109
Cash at bank and in hand		24,433	13,741
		<u>1,739,241</u>	<u>1,839,473</u>
<b>Creditors</b> amounts falling due within one year	10	(1,546,724)	(1,616,066)
<b>Net current assets</b>		<u>192,517</u>	<u>223,407</u>
<b>Total assets less current liabilities</b>		<u>643,680</u>	<u>585,665</u>
<b>Creditors</b> amounts falling due after more than one year	11	(62,562)	(18,206)
<b>Provisions for liabilities and charges</b>	12	(21,890)	(10,000)
<b>Net assets</b>		<u>559,228</u>	<u>557,459</u>
<b>Capital and reserves</b>			
Called up share capital	13	41,000	41,000
Share premium account	14	9,000	9,000
Capital reserve	14	220,677	220,677
Profit and loss account	14	288,551	286,782
<b>Shareholders' funds</b>		<u>559,228</u>	<u>557,459</u>

These financial statements were approved by the board of directors on 9th June 2011 and were signed on its behalf by



**J McAulay**  
Director



**Cash flow statement**  
*for the year ended 30 September 2010*

	<i>Note</i>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
<b>Net cash inflow from operating activities</b>	<i>17</i>	<b>275,855</b>	<b>138,548</b>
<b>Returns on investments and servicing of finance</b>	<i>17</i>	<b>(63,739)</b>	<b>(72,032)</b>
<b>Taxation</b>		<b>(4,025)</b>	<b>-</b>
<b>Capital expenditure</b>	<i>17</i>	<b>(67,287)</b>	<b>-</b>
		<hr/>	<hr/>
<b>Increase/(decrease) in cash before financing</b>		<b>140,804</b>	<b>66,516</b>
<b>Financing</b>	<i>17</i>	<b>(130,112)</b>	<b>(89,323)</b>
		<hr/>	<hr/>
<b>Increase/(Decrease) in cash for the year</b>	<i>18</i>	<b>10,692</b>	<b>(22,807)</b>
		<hr/>	<hr/>

**Reconciliation of net cash flow to movement in net debt**  
*for the year ended 30 September 2010*

	<i>Note</i>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
<b>Increase/(Decrease) in cash for the year</b>	<i>18</i>	<b>10,692</b>	<b>(22,807)</b>
<b>Net cash outflow from in debt financing</b>	<i>18</i>	<b>130,112</b>	<b>89,323</b>
		<hr/>	<hr/>
<b>Change in net debt resulting from cash flows</b>	<i>18</i>	<b>140,804</b>	<b>66,516</b>
<b>New hire purchase agreements</b>	<i>18</i>	<b>(166,115)</b>	<b>(28,230)</b>
		<hr/>	<hr/>
<b>Movement in net debt in year</b>		<b>(25,311)</b>	<b>38,286</b>
<b>Net debt at beginning of year</b>	<i>18</i>	<b>(979,159)</b>	<b>(1,017,455)</b>
		<hr/>	<hr/>
<b>Net debt at end of year</b>	<i>18</i>	<b>(1,004,470)</b>	<b>(979,159)</b>
		<hr/>	<hr/>

**Reconciliation of movements in shareholders' funds**  
*for the year ended 30 September 2010*

	2010 £	2009 £
Profit for the financial year	1,769	3,210
Net addition to shareholders' funds	1,769	3,210
Opening shareholders' funds	557,459	554,249
Closing shareholders' funds	559,228	557,459

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

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

The financial statements are prepared on a going concern basis. The company meets its day to day working capital requirements through agreed facilities which are repayable on demand. The company expects to operate within the facilities currently agreed for the next 12 months.

#### *Depreciation of tangible fixed assets*

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost of the tangible fixed assets over their estimated useful economic lives

Fixtures and fittings	-	10% - 33% straight line
Plant and machinery	-	10% - 15% straight line
Computer equipment	-	25% - 50% straight line
Motor vehicles	-	25% straight line

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes a proportion of attributable production overheads.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

#### *Turnover*

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the period

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting year.

### 2 Profit on ordinary activities before taxation

	2010 £	2009 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation - owned assets	62,688	56,939
- leased assets	81,810	81,632
Hire of plant and machinery - rentals payable under operating leases	24,826	25,867
Property - rentals payable under operating leases	198,550	217,886
<i>Amounts receivable by auditors in respect of</i>		
Audit of the financial statements	8,500	9,500
Other services relating to taxation	1,800	3,000
	<u>          </u>	<u>          </u>

## Notes (continued)

### 3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year analysed by category, was as follows

	Number of employees	
	2010	2009
Production and technical	41	41
Sales and distribution	24	22
Administration	2	2
	<u>67</u>	<u>65</u>

The aggregate payroll costs of these persons were as follows

	2010	2009
	£	£
Wages and salaries	1,979,899	2,060,406
Social security costs	209,163	222,524
Other pension costs (see note 16)	75,104	70,486
Redundancy costs	1,077	36,514
	<u>2,265,243</u>	<u>2,389,930</u>

### 4 Remuneration of directors

	2010	2009
	£	£
Directors' emoluments	274,840	274,520
Pension contributions	22,027	21,955
	<u>296,867</u>	<u>296,475</u>

The emoluments of the highest paid director were £145,840(2009 £145,520). The pension contributions of the highest paid director were £13,584(2009 £13,512). There were three directors in the pension scheme during the year.

## Notes (continued)

### 5 Interest payable and similar charges

	2010 £	2009 £
Bank loans	49,050	50,984
On other loans	970	1,908
Obligations under hire purchase contracts	13,719	19,427
	<u>63,739</u>	<u>72,319</u>

### 6 Taxation

	2010 £	2009 £
<i>UK Corporation tax</i>		
Current tax on income in the period	6,620	19,211
Adjustment in respect of prior period	-	(1,485)
	<u>6,620</u>	<u>17,726</u>
Total current tax	6,620	17,726
<i>Deferred tax</i>		
Deferred tax – current year	6,764	(10,000)
Prior year adjustment	5,126	-
	<u>11,890</u>	<u>(10,000)</u>
Tax on profit on ordinary activities	<u>18,510</u>	<u>7,726</u>

	2010 £	2009 £
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	20,279	10,936
Current tax at 21% (2009 21%)	4,259	2,297
Effects of		
Expenses not deductible for tax purposes	9,125	6,968
Capital allowances in excess of depreciation	(6,764)	10,000
Adjustment in respect of prior period	-	(1,485)
Others	-	(54)
Total current tax charge	<u>6,620</u>	<u>17,726</u>

**Notes** *(continued)*

**7 Tangible fixed assets**

	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At beginning of year	2,005,030	298,113	30,318	2,333,461
Additions	233,402	-	-	233,402
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,238,432	298,113	30,318	2,566,863
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of year	1,742,184	204,392	24,626	1,971,202
Charge for year	126,131	16,090	2,277	144,498
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,868,315	220,482	26,903	2,115,700
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>	370,117	77,631	3,415	451,163
<b>At 30 September 2010</b>				
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009	262,846	93,721	5,692	362,258
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of tangible fixed assets is £295,445 (2009 £211,140) in respect of assets held under finance leases and similar hire purchase contracts

Depreciation for the year on these assets was £81,810 (2009 £81,632)

**8 Stocks**

	2010 £	2009 £
Raw materials	25,068	19,953
Work in progress	144,530	168,670
	<hr/>	<hr/>
	169,598	188,623
	<hr/>	<hr/>

**Notes (continued)**

**9 Debtors**

	2010 £	2009 £
<b>Amounts falling due within one year</b>		
Trade debtors	1,007,502	1,102,811
Prepayments and accrued income	77,021	73,611
	<u>1,084,523</u>	<u>1,176,422</u>
<b>Amounts falling due after more than one year</b>		
Amounts due from group undertakings	420,687	420,687
Other debtors	40,000	40,000
	<u>460,687</u>	<u>460,687</u>
	<u><u>1,545,210</u></u>	<u><u>1,637,109</u></u>

Included within amounts due from group undertakings is an amount of £420,687 (2009 £420,687) due from Rivendell (Holdings) Ltd

**10 Creditors: amounts falling due within one year**

	2010 £	2009 £
Trade creditors	258,614	254,280
Hire purchase obligations	104,491	117,335
Corporation tax	25,831	23,236
Other taxes and social security	107,066	220,960
Other creditors	861,849	857,359
Accruals	188,873	142,896
	<u>1,546,724</u>	<u>1,616,066</u>

Included within other creditors is an amount of £811,850 (2009 £807,359) due to Bank of Scotland in respect of a confidential invoice discounting agreement. This liability is secured over certain book debts of the company. Also included within other creditors is an amount of £50,000 (2009 £50,000) due to Mr AD Spowart, a director of the company.



**Notes** *(continued)*

**11 Creditors, amounts falling due after more than one year**

	2010 £	2009 £
Hire purchase obligations	62,562	18,206

	2010 £	2009 £
Analysis of debt		
Debt can be analysed as falling due		
In one year or less, or on demand	966,341	974,694
Between one and two years	62,562	18,206
	<u>1,028,903</u>	<u>992,900</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2010 £	2009 £
Within one year	104,491	117,335
In the second to fifth years	62,562	18,206
	<u>167,053</u>	<u>135,541</u>

**12 Provisions for liabilities and charges**

	Deferred taxation £
At beginning of year	10 000
Charge to the profit and loss for the year	11 890
	<u>21,890</u>
<b>At end of year liability</b>	<u>21,890</u>

The elements of deferred tax are as follows

	2010 £	2009 £
Difference between accumulated depreciation and capital allowances	21,890	10 000
Deferred tax liability	<u>21,890</u>	<u>10,000</u>

## Notes (continued)

### 13 Called up share capital

	2010 £	2009 £
<i>Authorised</i>		
Ordinary shares of £1 each	41,000	41,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	41,000	41,000

### 14 Reserves

	Share premium account £	Capital reserve £	Profit and loss account £	Total £
At beginning of year	9,000	220,677	286,782	516,459
Profit for the year	-	-	1,769	1,769
At end of year	9,000	220,677	288,551	518,228

### 15 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating lease which expire				
Within one year	-	2,308	132,000	8,675
In the second to fifth years inclusive	-	10,020	-	12,471
After five years	164,373	-	-	-
	164,373	12,328	132,000	21,146

### 16 Pension scheme

The company contributes to employees' and directors' defined contribution pension schemes. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profit of £75,104 (2009: £70,486) represents the contributions payable to employees' and directors' schemes in respect of the accounting period.

**Notes** *(continued)*

**17 Analysis of cash flows**

	2010 £	2009 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	84,018	82,968
Depreciation charge	144,498	138,571
Decrease/(increase) in stocks	19,025	4,225
Decrease/(increase) in debtors	91,899	(184,895)
(Decrease)/increase in creditors	(63,585)	97,679
	<u>275,855</u>	<u>138,548</u>
<b>Returns on investment and servicing of finance</b>		
Interest paid	(63,739)	(72,319)
Interest received	-	287
	<u>(63,739)</u>	<u>(72,032)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(67,287)	-
	<u>(67,287)</u>	<u>-</u>
<b>Financing</b>		
Repayments of hire purchase obligations	(134,603)	(99,173)
Confidential Invoice Discounting	4,491	39,850
Loan repayment	-	(30,000)
	<u>(130,112)</u>	<u>(89,323)</u>

**Notes (continued)**

**18 Analysis of net debt**

	At beginning of year £	Cash flow £	Other non-cash changes £	At end of year £
Cash in hand	118	(36)	-	82
Cash at bank	13,623	10,728	-	24,351
	<u>13,741</u>	<u>10,692</u>	<u>-</u>	<u>24,433</u>
Debt due within one year	(807,359)	(4,491)		(811,850)
Hire purchase agreements	(135,541)	134,603	(166,115)	(167,053)
Loan	(50,000)	-	-	(50,000)
	<u>(992,900)</u>	<u>130,112</u>	<u>(166,115)</u>	<u>1,028,903</u>
<b>Total</b>	<u>(979,159)</u>	<u>140,804</u>	<u>(166,115)</u>	<u>1,004,470</u>

**19 Ultimate parent company**

The company is a subsidiary undertaking of Rivendell (Holdings) Limited a company incorporated in England. This company is also the ultimate parent company of the group.