

Norprint Labelling Systems Limited  
Directors' report and financial statements  
for the year ended 31 March 2003

Registered Number: 3556795



# Norprint Labelling Systems Limited

## Directors' report and financial statements for the year ended 31 March 2003

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# **Norprint Labelling Systems Limited**

## **Directors' report for the year ended 31 March 2003**

The directors present their report and the audited financial statements for the year ended 31 March 2003.

### **Principal activities**

The principal activities of the company are the production of tags, tickets and self-adhesive labels for use within the commercial and food industries. The company's Systems Equipment Division markets labelling machines, labelling systems, software and services.

### **Review of business**

During the year turnover reduced as we continued to exit from lower margin/non-profitable production.

In September 2002 the company took steps to effect major cost reductions. This resulted in 40 redundancies of which a high proportion were voluntary.

In the second half of the year the company enjoyed significantly better trading. This resulted in a considerable improvement in operating profit for the year of £745,000 before exceptional administrative expenses compared to £232,000 in the previous year.

In addition we have been able to reduce net debt to under £4.5m from £5.1m in the year.

We are continuing to improve the product mix within the business – with particular strengthening of our security product range and also track and trace products.

The management team appreciate the commitment and support shown by all our staff throughout the year.

# Norprint Labelling Systems Limited

## Directors' report for the year ended 31 March 2003 (continued)

### Dividends

The following dividends in respect of the year ended 31 March 2003 have been charged to the profit and loss account:

	2003 £'000
Preference share dividend proposed	245

### Post balance sheet events

There have been no post balance sheet events.

### Research and development

The company continues to develop new products, both independently and in conjunction with its customer and supplier partners.

### Charitable donations

The donations made by the company during the year for charitable purposes were £1,000 (2002: £Nil).

### Directors

The following served as directors during and, unless otherwise indicated, throughout the year:

Mr R D Wood	
Mr T Caplin (Non-Executive)	
Mr C J Maycroft	Resigned 22 October 2003
Mr M J Aiken	
Mr D A Smith	
Mr T G Hancock	
Mr K G Carpenter (Non-Executive)	Resigned 15 July 2003
Mr D Dalton (Non-Executive)	Deceased 19 December 2002
Mr M Davis	Resigned 31 August 2002
Mr A Evans	Appointed 20 November 2003

# Norprint Labelling Systems Limited

## Directors' report for the year ended 31 March 2003 (continued)

### Directors' interest in shares of the company

The interests of the directors of the company at 31 March 2003 in the shares of the company according to the register required to be kept by section 325 of the Companies Act 1985 were as follows :-

	Ordinary shares of £1 each	
	2003	2002
Mr R D Wood	37,500	37,500
Mr D A Smith	10,000	10,000
Mr C J Maycroft	10,000	10,000
Mr M J Aiken	10,000	10,000
Mr T Caplin	7,500	7,500

### Directors' interest in shares of the company (continued)

No director had any interest in the £1 "A" Ordinary Shares or £1 Cumulative Redeemable Preference Shares.

At 31 March 2003 30,000 £1 Ordinary Shares at par were being held by Lloyds TSB Development Capital Limited (2002: 30,000 £1 Ordinary Shares).

### Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

### Employment policies

The company is fully aware of and takes seriously its responsibility to keep all employees informed on all matters of concern to them and to consult them so that their views can be taken into account when making decisions likely to affect their interests. To this end the company has procedural arrangements with recognised Trade Unions for the regular consultation and negotiation of matters concerning their members' interests. Meetings are also held with employees, at which company performance and other matters related to its activities are discussed. Each employee is also issued with a handbook which details the company's personnel and employment policies.

# Norprint Labelling Systems Limited

## Directors' report for the year ended 31 March 2003 (continued)

### Directors' responsibility for the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year that 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 year. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue the 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 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

### By order of the board



D A Smith

Secretary

26 January 2004

## **Independent auditors' report to the members of Norprint Labelling Systems Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes

### **Respective responsibilities of director and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 transactions is not disclosed.

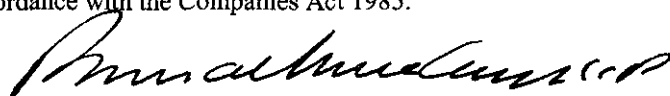
### **Basis of audit opinion**

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 director 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 of the state of the company's affairs at 31 March 2003 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

East Midlands

26 January 2004

# Norprint Labelling Systems Limited

## Profit and loss account for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Turnover – continuing activities	2	19,444	21,257
Operating profit before exceptional items		745	232
Exceptional operating expenses	3	(400)	(219)
<b>Operating profit – continuing activities</b>	3	<b>345</b>	<b>13</b>
Cost of fundamental re-organisation	3	-	(156)
Less: 2001 provision		-	147
		-	(9)
Interest receivable and similar income		-	-
Interest payable and similar charges	4	(450)	(593)
<b>(Loss) on ordinary activities before taxation</b>	5	<b>(105)</b>	<b>(589)</b>
Taxation	8	-	-
<b>(Loss) on ordinary activities after taxation</b>		<b>(105)</b>	<b>(589)</b>
Dividends (including dividends and other appropriations in respect of non-equity shares)	9	(245)	(245)
<b>(Loss) for the financial year</b>	18	<b>(350)</b>	<b>(834)</b>

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

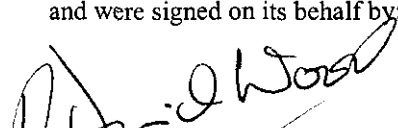


# Norprint Labelling Systems Limited

## Balance sheet as at 31 March 2003

	Notes	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Intangible assets	10	(59)	(257)
Tangible assets	11	2,463	3,359
		<b>2,404</b>	<b>3,102</b>
<b>Current assets</b>			
Stocks	12	1,748	1,955
Debtors: amounts falling due within one year	13	3,498	3,494
Debtors: amounts falling due after one year	13	591	935
Cash at bank and in hand		61	10
		<b>5,898</b>	<b>6,394</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(5,505)</b>	<b>(6,134)</b>
<b>Net current assets</b>		<b>393</b>	<b>260</b>
<b>Total assets less current liabilities</b>		<b>2,797</b>	<b>3,362</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(2,715)</b>	<b>(3,175)</b>
<b>Net assets</b>		<b>82</b>	<b>187</b>
<b>Capital and reserves</b>			
Called up share capital	17	2,555	2,555
Profit and loss account	18	(2,473)	(2,368)
<b>Shareholders' funds</b>	22	<b>82</b>	<b>187</b>
Deficit on equity shareholders' funds		(2,831)	(2,481)
Non-equity shareholders' funds		2,913	2,668
<b>Total shareholders' funds</b>	22	<b>82</b>	<b>187</b>

The financial statements on pages 7 to 29 were approved by the board of directors on 26 January 2004 and were signed on its behalf by:

  
**R.D. Wood**  
**Director**

# Norprint Labelling Systems Limited

## Cash flow statement for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Net cash inflow from continuing operating activities		1,097	1,346
Net cash inflow before exceptional items		1,097	1,346
Outflow relating to exceptional items	3	-	(9)
Net cash inflow from operating activities		1,097	1,337
Returns on investments and servicing of finance			
Interest paid		(419)	(554)
Finance lease and hire purchase interest		(31)	(39)
Net cash outflow from returns on investments and servicing of financing		(450)	(593)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(13)	(66)
Movement in cutters		44	-
Net cash Inflow/(outflow) from investing activities		31	(66)
Cash inflow before financing		678	678
Financing			
Issue of shares		-	-
Repayment of principal under finance leases and hire purchase		(140)	(235)
Repayment of loans		(487)	(414)
Net cash outflow		(627)	(649)
Increase in cash in the year	20	51	29

# Norprint Labelling Systems Limited

## Reconciliation of operating profit to net cash inflow from operating activities for the year ended 31 March 2003

	2003 £'000	2002 £'000
Operating profit	345	13
Depreciation on tangible fixed assets	865	911
Amortisation of goodwill	(198)	(198)
Decrease in stocks	207	330
Decrease in debtors	340	1,103
Decrease in creditors	(462)	(666)
Decrease in provision for liabilities and charges	-	(147)
	1,097	1,346

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003

### 1 Principal accounting policies

#### Accounting Convention

The financial statements have been prepared on the historical cost basis of accounting, in accordance with applicable accounting standards in the United Kingdom.

#### New accounting standards

The company has adopted FRS18 "Accounting Policies" which has not resulted in any changes in accounting policies and FRS19 "Deferred Tax", which has not resulted in any prior year adjustments.

The company has complied with the transitional rules of FRS17 "Retirement Benefits" and the appropriate disclosures are made in Note 24.

#### Accounting Reference Date

All figures have been made up for the 53 week period from the last Financial Year End, 24 March 2002 to 30 March 2003.

#### Turnover

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

#### Research & Development

All expenditure on research and development is charged against the profits of the year in which it is incurred.

#### Foreign Currencies

Transactions in foreign currencies are translated into sterling at rates of exchange ruling on that date. Monetary assets and liabilities in foreign currencies held at the financial year end are translated into sterling at rates of exchange ruling on that date. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

#### Leased Assets

Tangible fixed assets operated under the terms of finance leases and hire purchase agreements are capitalised at a value equal to the cost incurred by the lessor in acquiring the relevant assets. Leasing and hire purchase agreements which transfer to the company substantially all the benefits and right of ownership of an asset are treated as if the assets had been purchased outright. The capital element of future lease payments is included under creditors. Operating lease rentals are charged against profit in the year in which they are incurred.

#### Depreciation

Depreciation on costs is calculated by the straight line method at rates considered appropriate to the class and life of the assets concerned.

Principal annual depreciation rates are as follows :-

Plant and Machinery	7%; 10%
Office and Computer Equipment	10%; 20%; 25%; 33%
Cutters	33 %
Motor Vehicles	20%

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 1 Principal accounting policies (continued)

#### Depreciation (continued)

Depreciation of assets operated under the terms of finance leases and hire purchase agreements is over the useful life of the asset.

#### Stocks & Work in Progress

Stocks and work in progress are stated at the lower of cost, including an appropriate proportion of the manufacturing overheads, and net realisable value. Provisions are made against slow-moving and obsolete stocks.

#### Deferred Taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability will crystallise.

#### Pension Funding

The company operates a Pension Scheme providing benefits based on final pensionable pay for some employees and defined contributions for other employees. The assets of the Scheme are held separately from those of the company, in an independently administered fund.

Contributions to the Scheme in respect of defined benefits are charged to the profit and loss account so as to spread the cost of defined benefit pensions over employees' working lives with the company.

The pension charge for the defined contribution members represents contributions payable by the company to the Scheme.

#### Goodwill

Goodwill represents the difference between costs of acquisition and the fair value of the net tangible assets acquired. The surplus or deficit of the consideration over the fair value attributed to the tangible net assets acquired is capitalised and amortised/released to profit and loss over its estimated useful economic life of 5 years.

### 2 Turnover

	2003	2002
	£'000	£'000
United Kingdom	19,065	20,749
Rest of Europe	333	418
Rest of World	46	90
	<hr/> 19,444	<hr/> 21,257

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 3 Operating profit

	2003 £'000	2002 £'000
Turnover – continuing activities	19,444	21,257
Cost of sales	(15,575)	(17,547)
Gross profit	3,869	3,710
Distribution and marketing costs	(2,196)	(2,558)
Administrative expenses before exceptional items	(928)	(920)
Exceptional administrative expenses	(400)	(219)
Total administrative expenses	(1,328)	(1,139)
Operating profit – continuing activities	345	13
Cost of fundamental reorganisation	-	(9)
	345	4

Exceptional administrative expenses relate to redundancies.

### 4 Interest payable and similar charges

	2003 £'000	2002 £'000
On bank loans and borrowings	419	554
Finance leases and hire purchase contracts	31	39
	450	593

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 5 Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging:	2003 £'000	2002 £'000
Depreciation charge on tangible fixed assets		
- owned	633	699
- held under finance leases	232	212
Auditors remuneration		
- audit services	28	26
- non-audit services	14	6
Hire of plant and machinery	47	50
Operating lease:		
- property	220	240
- equipment	132	176
Loss on ordinary activities before taxation is stated after charging:		
Profit on sale of fixed assets	-	-
Amortisation of goodwill	198	198

### 6 Employee information

	2003 Number	2002 Number
Production / Research and development	183	213
Marketing / Sales / Distribution	50	58
Administration and finance	19	19
	252	290

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 6 Employee information (continued)

	2003 £'000	2002 £'000
<b>Staff costs (for the above persons):</b>		
Wages and salaries	5,184	6,171
Social security costs	360	454
Other pension costs	314	261
	<b>5,858</b>	<b>6,886</b>

### 7 Directors' emoluments

	2003 £'000	2002 £'000
Aggregate emoluments	496	465
Compensation for loss of office	-	165
Company pension contributions to defined contribution scheme	18	14
	<b>514</b>	<b>644</b>

Number of directors to whom benefits are accruing under a defined benefit scheme	2	2
Number of directors to whom benefits are accruing under a defined contribution scheme	3	3

The remuneration paid to the highest paid director was:-

Aggregate Emoluments	113	90
Company pension contributions defined contribution scheme	13	10
	<b>126</b>	<b>100</b>

### 8 Taxation

There is no current year tax liability due to the loss in the year (2002: £ nil). The unprovided deferred tax asset is shown in note 16.



# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 9 Dividends and appropriations

	2003 £'000	2002 £'000
<b>Preference</b>		
Interim proposed 4.5% per cumulative redeemable preference share	106	106
Final proposed 4.5% per cumulative redeemable preference share	107	107
	213	213
Non-equity appropriation for issue costs	32	32
	245	245

In accordance with the provisions of FRS 4, the company has appropriated through the profit and loss account preference share interim and final dividends for the year on the company's 9% cumulative redeemable preference shares of £213,000. However as the company does not have sufficient distributable reserves in order to pay such preference share dividends, these dividends have been credited back within the profit and loss account reserves (note 18).

### 10 Intangible fixed assets

	Goodwill £'000
<b>Cost</b>	
At 1 April 2002 and 31 March 2003	(1,029)
<b>Amortisation</b>	
At 1 April 2002	772
Charge for year	198
At 31 March 2003	970
Net book value at 31 March 2003	(59)
Net book value at 31 March 2002	(257)

Goodwill arose on the purchase of the business and assets of the Labelling Division of Norprint International Ltd.

Goodwill is being amortised on a straight line basis over a period of 5 years, being consistent with the accounting treatment for the pension holiday.

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 11 Tangible fixed assets

	Plant and machinery Equipment & Motor Vehicles
	£'000
<b>Cost</b>	
At 1 April 2002	8,583
Additions	13
Movement in cutters	(44)
<b>At 31 March 2003</b>	<b>8,552</b>
<b>Depreciation</b>	
At 1 April 2002	5,224
Charge for the year	865
<b>At 31 March 2003</b>	<b>6,089</b>
<b>Net book value</b>	
<b>At 31 March 2003</b>	<b>2,463</b>
At 31 March 2002	3,359

Included in the cost of Fixed Assets are cutters at written down value which, in the opinion of the directors of the company, are more fairly represented in that matter. The following represents the relative cost and aggregate depreciation of the item in question.

	2003 £'000	2002 £'000
Gross Cost	479	406
Aggregate Depreciation	(342)	(225)
Written down value	137	181

The net book value of tangible fixed assets includes an amount of £502,000 (2002: £752,000) in respect of assets held under finance leases and hire purchase contracts.

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 12 Stocks

	2003	2002
	£'000	£'000
<b>Stocks comprise</b>		
Raw Materials	253	242
Work in Progress	28	25
Finished Goods	1,376	1,595
Other	91	93
	<b>1,748</b>	<b>1,955</b>

### 13 Debtors

	2003	2002
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	3,139	3,135
Other debtors	-	41
Prepayments and accrued income	71	86
Pension prepayment	288	232
	<b>3,498</b>	<b>3,494</b>
<b>Amounts falling due after one year</b>		
Pension prepayment	591	935

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 14 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	2,728	2,509
Bank overdraft and loans	1,724	1,836
Other taxation and social security payable	460	747
Other creditors	172	458
Accruals	336	444
Finance Leases	85	140
	<b>5,505</b>	<b>6,134</b>

### 15 Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Bank loan and borrowings	2,688	3,063
Finance Leases	27	112
	<b>2,715</b>	<b>3,175</b>

Obligations under finance leases are repayable as follows:-

	2003 £'000	2002 £'000
In one year or less	85	140
Between one and two years	27	85
Between two and five years	-	27
	<b>112</b>	<b>252</b>

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 15 Creditors: amounts falling due after more than one year (continued)

	2003	2002
	£'000	£'000
In one year or less	1,724	1,836
Between one and two years	438	375
Between two and five years	2,250	2,688
In five years or more	-	-
	4,412	4,899

During 2003 the terms of the existing facilities agreement were amended and restated. As part of the amendment the revolving credit facility was transferred into Term Loan B.

Term Loan A is repayable in 6 quarterly instalments of £93,750 commencing on 31 March 2003.

Term Loan B is repayable in 20 quarterly instalments of £125,000 commencing 30 September 2004.

Interest is charged at between 1.75% and 3.75% above the base rate.

Included with bank loans and overdrafts is £1,240,000 (2002:£1,461,000) in respect of a cashflow finance agreement. This CFF loan is secured over trade debtors. The main terms of the agreement are that the bank purchases select debts for an amount equal to 82% of the invoice. On receipt of funds from the bank, the bank becomes the beneficial owner of the debt, however the company continues to be responsible for the collection of the debt. Note 21 describes the debt movement in more detail.

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 16 Deferred taxation

Unprovided deferred tax assets at 31 March 2003 is shown below:-

	Provided 2003 £'000	Unprovided 2003 £'000	Provided 2002 £'000	Unprovided 2002 £'000
Short term timing differences	-	2	-	-
Accelerated capital allowances	-	(80)	-	(149)
Losses	-	1,274	-	1,415
	-	1,196	-	1,266

The deferred tax asset has not been recognised on the grounds of remoteness of recoverability.

### 17 Share capital

	2003 £'000	2002 £'000
<b>Authorised</b>		
105,000 Ordinary shares of £1 each	105	105
82,500 'A' Ordinary Shares of £1 each	83	83
2,367,500 Cumulative Redeemable Preference Shares of £1 each	2,367	2,367
	<b>2,555</b>	<b>2,555</b>
<b>Allotted, Called-Up and Fully Paid</b>		
105,000 Ordinary shares of £1 each	105	105
82,500 'A' Ordinary Shares of £1 each	83	83
2,367,500 Cumulative Redeemable Preference Shares of £1 each	2,367	2,367
	<b>2,555</b>	<b>2,555</b>

# **Norprint Labelling Systems Limited**

## **Notes to the financial statements for the year ended 31 March 2003 (continued)**

### **17 Share capital (continued)**

#### **Redemption of Preference Shares**

The preference share are due to be redeemed at an amount equal to the amount paid up in ten equal six monthly instalments commencing 30 September 2002 and ending on 28 February 2007. The company may redeem some or all of these shares in advance of the due date for redemption. Agreement has been made with Lloyds TSB Development Capital not to redeem the preference shares until an unspecified time in the future.

#### **Conversion of 'A' Ordinary Shares**

Each 'A' Ordinary Share in issue and not redeemed, shall be converted into one Ordinary Share upon the happening of certain circumstances.

The Ordinary Shares resulting from such conversation will be credited as fully paid and shall rank pari passu in all respects with the then existing Ordinary Shares in the capital of the company.

On the date of conversion the company shall pay to the holder(s) a sum equal to any arrears, deficiencies or accruals of the participating dividend.

#### **Voting Rights**

The holders of all classes of shares with the exception of the Redeemable Preference Shares are entitled on a show of hands to one vote and on a poll to one vote per share at any General Meeting of the company. The Redeemable Preference Shares are only entitled to vote in the event of certain circumstances.

#### **Distribution Rights**

The Redeemable Preference Shares carry a cumulative dividend of 9% per annum accruing from the date of subscription.

The 'A' Ordinary Shares carry a cumulative dividend based on the greater of 9% of the amount paid up on each share or percentage of net profits as defined in the company's Articles of Association.

The 'A' Ordinary Shares carry a dividend which is calculated by reference to the dividend paid to the holders of the 'A' Ordinary Shares.

#### **Capital Rights**

Upon a winding-up, Redeemable Preference Shares have first priority for payment of the amount paid up on the Redeemable Preference Shares plus any arrears or accruals of dividend.

'A' Ordinary Shares have second priority for payment of the amount paid up on the Ordinary Shares plus any arrears or accruals of dividend.

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 17 Share capital (continued)

'A' Ordinary Shares have third priority for payment of the amount paid up on the Ordinary Shares plus any arrears or accruals of dividend.

Any remaining balance assets after the above payments have been made is to be distributed amongst the holders of the 'A' Ordinary Shares and the Ordinary shares in proportion to the amounts paid up on the shares.

#### Dividend arrears

Dividend arrears on cumulative preference shares amount to £746,000 as at 31 March 2003 (2002: £533,000).

### 18 Reserves

	<b>Profit &amp; Loss Account 2003 £'000</b>	<b>Profit &amp; Loss Account 2002 £'000</b>
At 1 April 2002	(2,368)	(1,779)
Loss for the year	(350)	(834)
Cost of issuing shares	-	-
Preference share appropriations (Note 9)	213	213
Reversal of non-equity appropriations	32	32
<b>At 31 March 2003</b>	<b>(2,473)</b>	<b>(2,368)</b>



# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 19 Future Commitments

There was no unprovided contracted capital expenditure at the year end. (2002: £nil)

#### Operating Leases

The company has annual commitments under non-cancellable operating leases as follows:-

	2003		2002	
	Property £'000	Other £'000	Property £'000	Other £'000
Amount payable within one year for leases:expiring :-				
Within one year	-	-	-	35
2 – 5 years	-	56	-	61
Over 5 years	264	1	210	1
	264	57	210	97

### 20 Reconciliation of net cash flow to movement in net debt

	2003 £'000
Increase in cash in the year	51
Cash flow from reduction in net debt	627
Change in net debt resulting from cash flows	678
Movement in net debt in the year	678
Net debt at 31 March 2002	(5,141)
Net debt at 31 March 2003	(4,463)

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 21 Analysis of net debt

	31 Mar 2002 £'000	Cash flow £'000	Other non-cash changes £'000	31 March 2003 £'000
Cash in hand and at bank	10	51	-	61
		51		
Debt due within one year	(1,836)	487	(375)	(1,724)
Debt due after one year	(3,063)	-	375	(2,688)
Finance leases	(252)	140	-	(112)
		627		
Total	(5,141)	678	-	(4,463)

### 22 Reconciliation of Movement in Shareholders' Funds

	Equity £'000	Non-Equity £'000	Total £'000
Opening Shareholders Funds	(2,481)	2,668	187
(Loss)/profit for the year	(350)	245	(105)
Dividend	-	(213)	(213)
Reversal of non-equity appropriations	-	(32)	(32)
Reversal of cumulative preference dividends	-	245	245
Issue of shares	-	-	-
Closing shareholders' funds	(2,831)	2,913	82

### 23 Contingent Liabilities

There were no contingent liabilities at 31 March 2003 (2002: £Nil)..

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 24 Pension commitments

The company operates a pension scheme providing benefits based on final pensionable pay for some employees and defined contributions for other employees. The assets of the scheme are held separately from those of the company, in an independently administered fund.

The pension cost charged to the profit and loss account is calculated by a professionally qualified actuary to spread the costs of pensions over employees' working lives with the Company.

The most recent actuarial valuation was at 6 April 2002 and used the Projected Unit Method. It showed that the market value of the scheme's assets was £20,535,000. These assets represented 94% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The most significant assumptions are those relating to investment returns and the rate of increase in salaries and price inflation. It was assumed that the rate of investment return was 6.5% per annum pre-retirement and 6.0% per annum on post retirement liabilities. Salaries and price inflation were assumed to increase at 2.50% per annum.

The pension charge for the defined benefit members in the period was £288,000 (2002: £232,000). This has increased by £13,000 due to the amortisation of experience deficits that are being recognised over 10 years, the average remaining service lives of employees.

The pension charge for the defined contribution members represents contributions payable by the company to the scheme and amounted to £13,000 (2002: £11,000).

A prepayment of £879,000 (2002: £1,167,000) is included in the balance sheet.

The major assumptions used by the actuary were:

	31 March 2003	31 March 2002
Rate of increase in salaries	2.5%	3.7%
Rate of increase in pensions in payment	2.5%	2.7%
Discount rate	5.3%	6.0%
Inflation assumption	2.5%	2.7%

The assets in the scheme and the expected rates of return were:

	Long term rate of return at 31 March 2003	Value at 31 March 2003 £'000	Long term rate of return at 31 March 2002	Value at 31 March 2002 £'000
Equities	7.50%	11,459	7.50%	16,043
Bonds / Gilts	4.50%	2,397	5.00%	3,205
Other	3.75%	813	4.00%	781
<b>Total</b>		<b>14,669</b>		<b>20,029</b>

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 24 Pension commitments (continued)

The following amounts at 31 March 2003 and 31 March 2002 were measured in accordance with the requirements of FRS17:

	31 March 2003 £'000	31 March 2002 £'000
Total market value of assets	14,669	20,029
Present value of scheme liabilities	(25,393)	(22,317)
Deficit in scheme	(10,724)	(2,288)
Related deferred tax asset	3,217	686
Net pension liability	(7,507)	(1,602)

It should be noted that amounts in respect of money purchase and AVC benefits have been excluded from both the assets and liabilities shown above.

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss reserve at 31 March 2003 and 31 March 2002 would be as follows:

	31 March 2003 £'000	31 March 2002 £'000
Net assets excluding pension liability	82	187
Pension liability	(7,507)	(1,602)
Net assets including pension liability	(7,425)	1,415
Profit and loss reserve excluding pension liability	(3,352)	(3,535)
Pension liability	(7,507)	(1,602)
Profit and loss reserve including pension liability	(10,859)	(5,137)

The following amounts would have been recognised in the performance statements in the year to 31 March 2003 under the requirements of FRS17:

	£'000
Operating profit	
Current service cost	473
Curtailment costs	246
Total operating charge	719

# Norprint Labelling Systems Limited

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 24 Pension commitments (continued)

<b>Other finance income</b>	<b>£'000</b>
Expected return on pension scheme assets	1,363
Interest on pension scheme liabilities	(1,357)
<b>Net return</b>	<b>6</b>

<b>Statement of total recognised gains and losses</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	(5,798)
Experience gains and losses on pension scheme liabilities	(1,192)
Change in assumptions underlying pension scheme liabilities	(733)
<b>Total losses</b>	<b>(7,723)</b>

<b>Movement in surplus during the year</b>	<b>£'000</b>
Deficit in scheme at beginning of year	(2,288)
Movement in year:	
- Current service cost	(473)
- Contributions	-
- Curtailment costs	(246)
- Other finance income	6
- Actuarial loss	(7,723)
<b>Deficit in scheme at end of year</b>	<b>(10,724)</b>

<b>Difference between actual and expected return on assets</b>	
Amount	(5,798)
Percentage of scheme assets	(39.5%)

<b>Experience gains and losses on scheme liabilities</b>	
Amount	(1,192)
Percentage of the present value of the scheme liabilities	(4.7%)

<b>Total amount recognised in statement of total recognised gains and losses:</b>	
Amount	(7,723)
Percentage of the present value of the scheme liabilities	(30.4%)

# **Norprint Labelling Systems Limited**

## **25 Controlling Party**

No single party has a controlling interest in the company.