

Company Registration No. 4332146

SERVICE GRAPHICS LIMITED

Annual Report and Financial Statements

Fifty two weeks ended 31 July 2009

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SERVICE GRAPHICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2009

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SERVICE GRAPHICS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Armitage	(Appointed on 6 August 2009)
B Edwards	(Resigned on 3 August 2009)
P Green	(Resigned on 16 June 2009)
P Martell	(Appointed on 29 September 2009)
B Moss	(Resigned on 24 October 2008)
C Reed	(Resigned on 28 August 2009)
S Ward	(Resigned on 31 March 2009)
D Wicks	
L Wigglesworth	(Appointed on 29 September 2009)

SECRETARY

P Harris

REGISTERED OFFICE

St Ives House
Lavington Street
London SE1 0NX

BANKERS

HSBC Bank plc
76 Edgware Road
London W2 2EQ

SOLICITORS

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

INDEPENDENT AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

SERVICE GRAPHICS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the fifty two weeks ended 31 July 2009 ("the financial year") Comparative figures are for the fifty two weeks ended 1 August 2008

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of St Ives plc and operates as part of the St Ives plc group's ("the group") Commercial Products business segment The company's principal activity is large format print production for use in display applications in exhibitions, events, retail, interior and exterior advertising There have not been any significant changes in the company's principal activities in the year under review The directors are not aware, at the date of this Report, of any likely major changes in the company's activities in the coming year

The company's loss for the financial year after tax, as shown in the profit and loss account on page 8 of the financial statements, amounted to £3,026,264 (2008 – loss £323,309) The directors do not recommend the payment of a dividend (2008 – £nil)

Trading conditions have remained difficult throughout the course of the year and this continuing uncertainty has resulted in a number of our clients cutting back on their advertising, exhibition and outdoor media expenditure In response to the decline in activity the business has undergone an extensive cost cutting exercise towards the end of the financial year and now has a cost base that better fits the anticipated sales in the coming period and one that has the capacity and flexibility to take on more as planned activity picks up

The balance sheet on page 9 of the financial statements shows that the company's financial position at the year-end has, in net (liabilities) /asset terms, deteriorated since the prior year-end due to the loss arising in the financial year

The group manages its operations under two principal business segments The performance of the Commercial Products segment of St Ives plc, which includes the company, is discussed in the group's Annual Report and Accounts which does not form part of this Report For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development and performance of the company during the year or the position of its particular business at the end of the year

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors The company manages this risk by providing added value services to its customers, delivering fast response times, not only in supplying products but also in handling all customer queries, and by maintaining strong relationships with customers

All markets served by the company are influenced by the economic climate and in particular customer confidence The company will continue to keep this risk under review

The company's sales are invoiced in Sterling and exposure to movement in foreign exchange rates is minimal Where significant exposure might arise, no risk is borne directly by this company as the group's treasury function takes out contracts to manage this risk at a group level Bank balances and group loans carry variable interest fixed by reference to Sterling base rates Thus, while base rate changes affect interest, the potential impact is not expected to be material

The company's credit risk is primarily attributable to its trade debtors The amounts presented in the balance sheet are net of provisions for doubtful debts An allowance for impairment is made where there is an identified loss event which, based on previous experience and the terms of any credit insurance policy which may apply at the time of the loss event, is evidence of a reduction in the recoverability of cash flows The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers

Group risks are discussed in St Ives plc's Annual Report and Accounts which does not form part of this Report

SERVICE GRAPHICS LIMITED

DIRECTORS' REPORT (continued)

FUTURE PROSPECTS

The company continues to focus on the UK market, where a quick turnaround is required and overseas competition is less able to compete

The company is dependent on its clients' confidence in both the economy and their own business. The economic downturn and general uncertainty in the market place has affected client confidence resulting in projects being postponed at short notice due to the worsening economic climate and reductions in spend on the company's product offerings. Significant effort has been applied to position the company as an integral part of its clients' business success and together with recent capital investment, particularly in digital printing technology, has placed the company in a good position to pursue opportunities as they arise

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly and as explained in Note 1, they continue to adopt the going concern basis in preparing the financial statements

DIRECTORS

Directors who served throughout the year (except as noted) are shown on page 1

DIRECTORS' INDEMNITIES

The ultimate parent company has made qualifying third party indemnity provisions for the benefit of certain of its directors which remain in force at the date of this Report

SUPPLIER PAYMENT POLICY

It is the company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. The average creditor days outstanding at 31 July 2009 were 85 (2008 – 85)

EMPLOYMENT POLICIES

The company is an Equal Opportunities Employer and no job applicant or employee receives less favourable treatment on the grounds of age, sex, marital status, race, colour, sexual orientation, religious or philosophical beliefs

It is the policy of the company that people with disabilities, whether registered disabled or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The company is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's ability

Employees of the company are regularly consulted by the directors and managers and kept informed of matters affecting them and the overall development of the company

The company has a positive approach to health and safety at work and regards compliance with statutory requirements as a minimum standard. Resources are available to ensure that continuing progress is made towards achieving a healthier and safer working environment for all employees

SERVICE GRAPHICS LIMITED

DIRECTORS' REPORT (continued)

ENVIRONMENT

The St Ives group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in St Ives plc's Annual Report and Accounts which does not form part of this Report.

AUDITORS

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 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.

SERVICE GRAPHICS LIMITED

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

United Kingdom company law (Section 418 of the Companies Act 2006) requires each director to make an individual statement regarding the disclosure of information to the auditors. The statement must confirm that as at the date of this Report and as far as the director is aware there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and that the director has taken all the steps he/she ought to have taken in order to make him/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

A director is deemed to have taken all the steps necessary that he/she ought to have taken if he/she has made such enquiries of his/her fellow directors and of the company's auditors for that purpose, and taken such other steps, if any, for that purpose as are required by his/her duty as a director of the company to exercise due care, skill and diligence.

All of the directors of the company as at the date of approval of this report have provided such a statement to the company. The company's auditors have been advised that confirmation has been given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by



P Harris
Secretary
8 October 2009

SERVICE GRAPHICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVICE GRAPHICS LIMITED

We have audited the financial statements of Service Graphics Limited for the fifty two weeks ended 31 July 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. 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 Sections 495 and 496 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 auditors' 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 Statement of Directors' Responsibilities, the directors are responsible for preparing the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 July 2009 and of its loss for the fifty two weeks then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with 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.

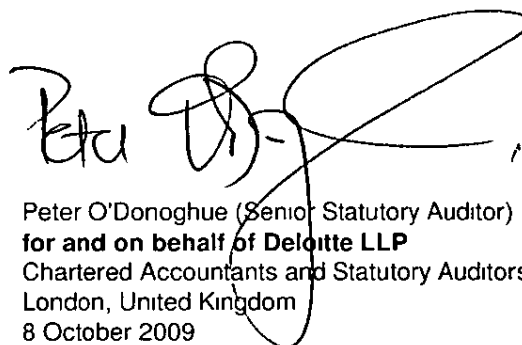
SERVICE GRAPHICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVICE GRAPHICS 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



Peter O'Donoghue (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
8 October 2009

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SERVICE GRAPHICS LIMITED

PROFIT AND LOSS ACCOUNT
Fifty two weeks ended 31 July 2009

		52 weeks to 31 July 2009			52 weeks to 1 August 2008		
	Note	Before restruct- uring, provision releases and other one-off items £	Restruct- uring, provision releases and other one-off items £	Total £	Before restruct- uring, provision releases and other one-off items £	Restruct- uring, provision releases and other one-off items £	Total £
TURNOVER	2	31,823,179	–	31,823,179	40,453,282	–	40,453,282
Cost of sales		(21,094,085)	(111,836)	(21,205,921)	(25,851,526)	–	(25,851,526)
GROSS PROFIT/(LOSS)		10,729,094	(111,836)	10,617,258	14,601,756	–	14,601,756
Selling expenses		(6,834,664)	(46,753)	(6,881,417)	(7,074,513)	–	(7,074,513)
Administrative expenses		(7,221,937)	(427,993)	(7,649,930)	(6,946,083)	(131,894)	(7,077,977)
Profit on disposal of fixed assets		34,000	–	34,000	–	–	–
OPERATING (LOSS)/PROFIT	4	(3,293,507)	(586,582)	(3,880,089)	581,160	(131,894)	449,266
Interest receivable and similar income	5	115	–	115	10,766	–	10,766
Interest payable and similar charges	6	(311,220)	–	(311,220)	(551,722)	–	(551,722)
(LOSS)/PROFIT BEFORE TAX		(3,604,612)	(586,582)	(4,191,194)	40,204	(131,894)	(91,690)
Tax credit/(charge) on (loss)/profit	7	1,000,687	164,243	1,164,930	(270,304)	38,685	(231,619)
LOSS FOR THE FINANCIAL YEAR	18	<u>(2,603,925)</u>	<u>(422,339)</u>	<u>(3,026,264)</u>	<u>(230,100)</u>	<u>(93,209)</u>	<u>(323,309)</u>

All transactions are derived from continuing operations

There are no recognised gains or losses in either the current or previous financial years other than the losses disclosed in the profit and loss account. Accordingly no separate statement of total recognised gains and losses is required.

The accompanying notes are an integral part of this profit and loss account.

SERVICE GRAPHICS LIMITED

Company Registration No. 4332146

BALANCE SHEET
 31 July 2009

31 July 2009 1 August 2008

	Note	£	£
FIXED ASSETS			
Intangible assets	8	4,194,780	4,604,027
Tangible assets	9	1,565,976	2,121,173
Investments	10	387,575	387,575
		<u>6,148,331</u>	<u>7,112,775</u>
CURRENT ASSETS			
Stocks	11	960,456	917,812
Debtors	12	8,180,000	7,809,755
Cash at bank and in hand		49,546	598,454
		<u>9,190,002</u>	<u>9,326,021</u>
CREDITORS amounts falling due within one year	14	(15,791,919)	(14,043,864)
NET CURRENT LIABILITIES		<u>(6,601,917)</u>	<u>(4,717,843)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(453,586)</u>	<u>2,394,932</u>
PROVISIONS FOR LIABILITIES	16	(717,938)	(540,192)
NET (LIABILITIES) / ASSETS		<u>(1,171,524)</u>	<u>1,854,740</u>
CAPITAL AND RESERVES			
Called up share capital	17	800,000	800,000
Share premium account	18	1,167,963	1,167,963
Profit and loss account	18	(3,339,487)	(313,223)
Other reserves	18	200,000	200,000
SHAREHOLDERS' (DEFICIT) / FUNDS	20	<u>(1,171,524)</u>	<u>1,854,740</u>

The accompanying notes are an integral part of this balance sheet

These financial statements were approved by the board of directors on 8 October 2009 and signed on its behalf by



 M Armitage
 Director

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Fifty two weeks ended 31 July 2009

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The accounting policies, which have been adopted and applied consistently throughout the accounting period and the preceding period, are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The group's treasury function is responsible for managing the liquidity of the group and the company, and the ultimate parent of the company, St Ives plc, funds the operations of the company and other subsidiaries through a combination of equity, inter-company loans and bank overdrafts which it guarantees jointly with other subsidiaries. The group has sufficient funding facilities to fund the company's operations for the next twelve months and is committed to make this funding available to the company for the next twelve months. The company is exposed to a number of risks and uncertainties as outlined in the Directors' Report but, after making enquiries into the company's financial position and considering the forecast performance at a divisional level, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

(b) Accounting period

The financial statements are prepared for the fifty two weeks ended 31 July 2009 ("the financial year"). Comparative figures are for the fifty two weeks ended 1 August 2008.

(c) Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Turnover is recognised when goods and services have been delivered and ownership has passed.

(d) Distribution costs

Distribution costs are included within cost of sales on the face of the profit and loss account as these form an integral part of the company's service to its customers.

(e) Goodwill

Acquired goodwill is written off in equal instalments over its estimated useful economic life of twenty years.

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Fifty two weeks ended 31 July 2009

1 ACCOUNTING POLICIES (continued)

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Depreciation is provided on cost, less estimated residual value, in equal annual instalments over the estimated lives of the assets. The annual rates of depreciation are as follows:

Leasehold properties	Period of lease
Plant and machinery	14 33% – 20%
Fixtures, fittings and equipment	20% – 33 33%
Computer equipment	50%
Motor vehicles	25%

(g) Investments

Investments held as fixed assets are stated at cost less provision for impairment in value.

(h) Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

(i) Tax

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

(j) Provision for repairs

As the company is committed under the terms of a lease to make repairs to leasehold premises, provision is made for the estimated cost of repairs over the lease period.

(k) Foreign currencies

The transactions of the company denominated in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction. Amounts receivable and payable denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These exchange differences are included in loss on ordinary activities before tax.

(l) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of leases. The cost of assets held under finance leases is included under tangible fixed assets and depreciation is provided in accordance with the company's policy set out in the note above. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Fifty two weeks ended 31 July 2009

1 ACCOUNTING POLICIES (continued)

(m) Cash flows

A statement of cash flows has not been prepared as, in accordance with Financial Reporting Standard 1 (Revised) "Cash Flow Statements", cash flow information has been shown in the financial statements of the ultimate parent company

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Fifty two weeks ended 31 July 2009

2 TURNOVER

The geographical analysis of turnover by destination is stated below

	2009 £	2008 £
United Kingdom	31,319,592	39,493,667
Rest of the World	503,587	959,615
	<u>31,823,179</u>	<u>40,453,282</u>

The directors consider that the company has only one class of business and consequently no further analysis of turnover or loss is given

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009 £	2008 £
Directors' emoluments		
Emoluments (excluding pension contributions, share option gains and share options granted)	462,374	826,051
Pension contributions to a defined contribution scheme	43,637	53,672
	<u>506,011</u>	<u>879,723</u>

	2009 Number	2008 Number
Number of directors who:		
Accrued benefits under a defined contribution scheme	4	4

	2009 £	2008 £
Highest paid director's emoluments:		
Emoluments (excluding pension contributions, share option gains and share options granted)	167,250	243,138
Pension contributions to a defined contribution scheme	15,525	15,000

Certain directors are remunerated by other group companies for their services to the group as a whole and it is not practicable to apportion their remuneration between the companies of which they are a director. Consequently their remuneration has not been disclosed in the company's financial statements. The remuneration of P Martell and M Armitage is disclosed in the Annual Report and Accounts of St Ives plc

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Fifty two weeks ended 31 July 2009

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2009 £	2008 £
Employee costs during the financial year (including directors)*		
Wages and salaries	13,413,480	13,831,910
Social security costs	1,239,035	1,241,321
Pension costs – defined contribution	–	197,400
	<u>14,652,515</u>	<u>15,270,631</u>
	2009 Number	2008 Number
Monthly average number of persons employed (including directors)		
Production	188	255
Sales	104	101
Administration and management	41	58
	<u>333</u>	<u>414</u>

4 OPERATING (LOSS)/PROFIT

	2009 £	2008 £
Operating (loss)/profit is after charging/(crediting)		
Fees payable to the company's auditors for the audit of the company's annual accounts	28,388	35,000
Depreciation	874,792	940,569
Goodwill amortisation	409,247	373,296
Operating lease rentals – land and buildings	801,779	784,338
– plant and machinery	26,420	–
– other	375,106	331,581
Regional grant amortisation	2,004	–
Repairs provision	84,000	10,676
(Profit)/loss on disposal of fixed assets	(34,000)	966
Foreign exchange loss	8,126	–
Charitable donations	150	–
Exceptional costs relating to restructuring - redundancy	586,582	131,894

'Restructuring, provision releases and other one-off items' included in the profit and loss account comprise restructuring costs as outlined above

Fees paid to the company's auditors, Deloitte LLP, for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated accounts of the company's ultimate parent company, St Ives plc, are required to disclose non-audit fees on a consolidated basis

SERVICE GRAPHICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
Fifty two weeks ended 31 July 2009**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2009 £	2008 £
Bank interest	115	—
Group interest	<u>—</u>	<u>10,766</u>
	<u>115</u>	<u>10,766</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Bank interest	946	—
Group interest	278,815	524,438
Finance charges under finance leases	<u>31,459</u>	<u>27,284</u>
	<u>311,220</u>	<u>551,722</u>

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Fifty two weeks ended 31 July 2009

7 TAX (CREDIT)/CHARGE ON LOSS

(a) Analysis of tax (credit)/charge

	2009	2008
	£	£
Current tax		
Tax (credit)/charge at 28% (2008 – 29 33%) based on the loss for the financial year	(530,940)	352,629
Group relief for current period	(357,807)	–
Adjustments in respect of prior periods	<u>(229,944)</u>	<u>922</u>
Net current tax	(1,118,691)	353,551
Deferred tax (note13):		
Timing differences, origination and reversal	(234,442)	(179,945)
Adjustments in respect of prior periods	<u>188,203</u>	<u>58,013</u>
	<u>(1,164,930)</u>	<u>231,619</u>

(b) Reconciliation of tax (credit)/charge

	2009	2008
	£	£
Tax (credit)/charge at 28% (2008 – 29 33%) based on the loss for the financial year	(1,173,535)	(26,893)
Effects of:		
Disallowed expenses and non-taxable income	50,345	81,542
Capital allowances in deficit of depreciation	210,669	38,585
Movement in short term timing differences	23,774	149,907
Depreciation on non-qualifying assets	–	109,488
Adjustments in respect of prior periods	<u>(229,944)</u>	<u>922</u>
Current tax (credit)/charge	<u>(1,118,691)</u>	<u>353,551</u>

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Fifty two weeks ended 31 July 2009

8 GOODWILL

	£
Cost:	
At 2 August 2008 and 31 July 2009	6,885,281
Accumulated amortisation	
At 2 August 2008	2,281,254
Charge for the period	409,247
At 31 July 2009	2,690,501
Net book value-	
At 31 July 2009	4,194,780
At 2 August 2008	4,604,027

9 TANGIBLE FIXED ASSETS

	Lease- hold Land & Buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 2 August 2008	631,001	6,243,672	402,938	23,698	7,301,309
Additions	53,850	264,598	10,726	—	329,174
Reclassification	(1)	190,416	(35,964)	1	154,452
Disposals	(2,940)	(827,783)	(66,589)	(2,700)	(900,012)
Transfer to group companies	—	—	3,343	—	3,343
At 31 July 2009	681,910	5,870,903	314,454	20,999	6,888,266
Accumulated depreciation					
At 2 August 2008	426,372	4,404,707	330,426	18,631	5,180,136
Charge for the year	67,460	781,836	21,932	3,564	874,792
Reclassification	1	177,043	(24,523)	(1)	152,520
Disposals	(1,715)	(827,678)	(54,458)	(2,700)	(886,551)
Transfer to group companies	—	—	1,393	—	1,393
At 31 July 2009	492,118	4,535,908	274,770	19,494	5,322,290
Net book value-					
At 31 July 2009	189,792	1,334,995	39,684	1,505	1,565,976
At 1 August 2008	204,629	1,838,965	72,512	5,067	2,121,173

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £	Motor vehicles £	Total £
Net book value			
At 31 July 2009	—	—	—
At 2 August 2008	704,479	5,066	709,545

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Fifty two weeks ended 31 July 2009

10 INVESTMENTS

(a) Subsidiary undertakings

	Shares at cost £
Cost or valuation	
At 2 August 2008	<u>387,575</u>
At 31 July 2009	<u>387,575</u>

(b) Investments represent interests in ordinary shares of P R Exhibition Services Limited which is a wholly owned subsidiary incorporated and registered in England and Wales

(c) The company has taken advantage of the exemption from preparing and delivering consolidated financial statements under Section 400 of the Companies Act 2006 because it is itself a wholly-owned subsidiary of St Ives plc, a company also incorporated and registered in England and Wales, which has prepared consolidated financial statements

(d) These financial statements present information about the company as an individual undertaking and not about its group

(e) In the opinion of the directors the value of the company's investment in the above subsidiary is not less than the amount at which it is stated in the balance sheet

11 STOCKS

	2009 £	2008 £
Raw materials and consumables	510,796	596,737
Work in progress	<u>449,660</u>	<u>321,075</u>
	<u>960,456</u>	<u>917,812</u>

There are no material differences between replacement cost and the values shown above for all stock categories for either year

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Fifty two weeks ended 31 July 2009

12 DEBTORS

	2009 £	2008 £
Amounts falling due within one year		
Trade debtors	5,971,573	6,732,932
VAT and other taxes	172	—
Group tax relief receivable	1,118,691	—
Amounts owed by group undertakings	226,616	124,201
Prepayments and accrued income	320,614	322,159
Other debtors	145,908	280,275
	<u>7,783,574</u>	<u>7,459,567</u>
Amounts falling due after more than one year		
Deferred tax asset (note 13)	396,426	350,188
	<u>8,180,000</u>	<u>7,809,755</u>

13 DEFERRED TAX ASSET

	2009 £
Balance at 2 August 2008	350,188
Credit to the profit and loss account	46,238
Balance at 31 July 2009	<u>396,426</u>

The amounts of deferred tax recognised in the financial statements are as follows

	2009 £	2008 £
Depreciation in excess of capital allowances	359,025	136,939
Short term timing differences	37,401	213,249
	<u>396,426</u>	<u>350,188</u>

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Fifty two weeks ended 31 July 2009

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Finance lease obligations	-	229,542
Trade creditors	2,574,974	2,717,910
Amounts owed to group undertakings	11,206,946	8,809,972
Other creditors	859,681	251,890
Corporation tax payable	24,105	377,656
Other taxes and social security	265,588	643,738
Deferred income	153,327	-
Accruals	707,298	1,013,156
	<u>15,791,919</u>	<u>14,043,864</u>

Interest on the intercompany account is charged at 1% above the base rate and is repayable on demand. The company's overdraft is guaranteed by St Ives plc and certain other United Kingdom subsidiary undertakings.

15 FINANCE LEASE OBLIGATION

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

	2009 £	2008 £
Obligations under finance leases and hire purchase agreements		
within one year	<u>-</u>	<u>229,542</u>

16 PROVISIONS FOR LIABILITIES

	Restruct- uring £	Repairs £	Total £
Balance at 2 August 2008	-	540,192	540,192
Charge to the profit and loss account	136,050	84,000	220,050
Utilised in the year	-	(42,304)	(42,304)
Balance at 31 July 2009	<u>136,050</u>	<u>581,888</u>	<u>717,938</u>

	2009 Unprovided £	2008 Unprovided £
Capital losses	<u>7,332</u>	<u>7,332</u>
	<u>7,332</u>	<u>7,332</u>

A deferred tax asset has not been recognised in respect of timing differences relating to brought forward capital losses. The amount of the asset is £7,332 (2008 – £7,332). The asset would be recovered if the company subsequently made capital gains against which the loss could be relieved.

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Fifty two weeks ended 31 July 2009

17 CALLED UP SHARE CAPITAL

	Number of shares	2009 £	2008 £
Authorised			
Ordinary shares of £1.00 each	800,000	800,000	800,000

	Number of shares	2009 £	2008 £
Called up, allotted and fully paid			
Ordinary shares of £1.00 each	800,000	800,000	800,000

18 RESERVES

	Share premium £	Other capital reserves £	Profit and loss account £
Balance at 2 August 2008	1,167,963	200,000	(313,223)
Retained loss for the financial year	—	—	(3,026,264)
Balance at 31 July 2009	<u>1,167,963</u>	<u>200,000</u>	<u>(3,339,487)</u>

SERVICE GRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Fifty two weeks ended 31 July 2009

19 OPERATING LEASE COMMITMENTS

The following commitments in respect of operating leases are due for payment during the next year

	2009 Land and buildings £	2009 Other £	2008 Land and buildings £	2008 Other £
Leases which expire.				
Within one year	12,600	51,909	5,120	91,345
Within two to five years	1,924,404	562,117	712,868	257,951
	<u>1,937,004</u>	<u>614,026</u>	<u>717,988</u>	<u>349,296</u>

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT) / FUNDS

	2009 £	2008 £
Opening shareholders' funds	1,854,740	2,178,049
Retained loss for the financial year	<u>(3,026,264)</u>	<u>(323,309)</u>
Closing shareholders' (deficit)/funds	<u>(1,171,524)</u>	<u>1,854,740</u>

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with St Ives plc group companies or interests of the group who are related parties

22 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate and ultimate parent company and ultimate controlling party is St Ives plc, a company incorporated and registered in England and Wales. Copies of the financial statements of St Ives plc can be obtained from the Company Secretary at the registered office St Ives House, Lavington Street, London SE1 0NX

The largest and smallest group in which the results of the company are consolidated is that headed by St Ives plc