

Registered

Keene Repro Limited
Directors' Report and Financial Statements
for the year ended 30 June 1997
979521 (England and Wales)



Keene Repro Limited

Company Information

Directors	F.E. Keene R.E. Towers S.P. Hutchings D.R. Williams K. Harratt
Secretary	F.E. Keene
Company Number	979521 (England and Wales)
Registered Office	33/41 Dallington Street London EC1V 0BB
Auditors	Morley & Scott Lynton House 7-12 Tavistock Square London WC1H 9LT
Business Address	33/41 Dallington Street London EC1V 0BB
Bankers	Lloyds Bank Plc Thavies Inn House 6 Holborn Circus London EC1N 2HP

Keene Repro Limited

Contents

	Page
Directors' Report	1 - 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Financial Statements	7 - 16

Keene Repro Limited

Directors' Report for the year ended 30 June 1997

The directors present their report and the financial statements for the year ended 30 June 1997.

Principal Activities and Review of the Business

The principal activities of the company are those of pre-press, typesetting, artwork and film make-up.

The progress of the company during the year accorded with expectations and the position at the year end is regarded as satisfactory. No significant changes in the future development of the company are proposed, nor has there occurred since the end of the year any event of such significance that reference should be made to it in this report.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

		Number of shares	
		1997	1996
	Class of share		
F.E. Keene	Ordinary shares	1,600	1,600
R.E. Towers	Ordinary shares	-	-
S.P. Hutchings	Ordinary shares	-	-
D.R. Williams	Ordinary shares	-	-
K. Harratt	Ordinary shares	20	20
R.R. Taylor	Ordinary shares	-	-

R.R. Taylor resigned on 6 February 1997.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Morley & Scott be reappointed as auditors of the company will be put to the Annual General Meeting.

Keene Repro Limited

Directors' Report for the year ended 30 June 1997 (continued)

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

This report was approved by the Board on 27 MARCH 1998

F.E. Keene
Chairman

A handwritten signature in dark ink, appearing to read 'F.E. Keene', is written over the printed name and title.

Keene Repro Limited

Auditors' Report
to the shareholders of Keene Repro Limited

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985 on the grounds that it was a member of a medium sized group throughout the year.



Morley & Scott

Chartered Accountants
Registered Auditor

London

31 MARCH 1998

Keene Repro Limited

Profit and Loss Account
for the year ended 30 June 1997

	Notes	1997 £	1996 £
Turnover		4,838,401	4,903,897
Cost of sales		(3,152,239)	(3,024,794)
Gross profit		1,686,162	1,879,103
Distribution costs		(321,991)	(331,741)
Administrative expenses		(1,173,944)	(1,259,644)
Other operating income		124,405	9,518
Operating profit	2	314,632	297,236
Loss on disposal of subsidiary undertaking		-	(53,000)
Profit on ordinary activities before interest		314,632	244,236
Investment income	3	211,388	134,519
Interest payable and similar charges	4	(27,881)	(37,122)
Profit on ordinary activities before taxation		498,139	341,633
Tax on profit on ordinary activities	5	(188,108)	(163,614)
Retained profit for the year	14	£ 310,031	£ 178,019

All turnover and operating profits derive from continuing activities.

There are no recognised gains and losses other than those passing through the profit and loss account.

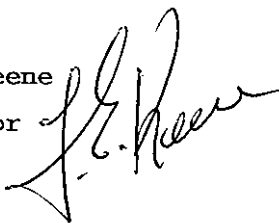
Keene Repro Limited

Balance Sheet
as at 30 June 1997

	Notes	1997 £	1996 £
Fixed Assets			
Tangible assets	6	1,056,594	1,452,263
Investments	7	11,000	19,185
		<u>1,067,594</u>	<u>1,471,448</u>
Current Assets			
Stocks	8	68,101	68,645
Debtors	9	1,450,257	1,833,983
Cash at bank and in hand		1,107	902
		<u>1,519,465</u>	<u>1,903,530</u>
Creditors: amounts falling due within one year	10	(1,125,928)	(2,121,336)
Net Current Assets		<u>393,537</u>	<u>(217,806)</u>
Total Assets Less Current Liabilities		<u>1,461,131</u>	<u>1,253,642</u>
Creditors: amounts falling due after more than one year	11	(67,222)	(169,764)
		<u>£1,393,909</u>	<u>£1,083,878</u>
Capital and Reserves			
Called up share capital	13	2,000	2,000
Profit and loss account	14	1,391,909	1,081,878
Shareholders' Funds (equity interests)	15	<u>£1,393,909</u>	<u>£1,083,878</u>

The financial statements were approved by the Board on 27. MARCH 1998

F.E. Keene
Director



R. Towers
Director



Keene Repro Limited

Cash Flow Statement
for the year ended 30 June 1997

	1997		1996	
	£	£	£	£
Net cash inflow from operating activities		729,261		800,160
Returns on investments and servicing of finance				
Interest paid	(2,443)		(4,883)	
Interest element of finance lease rentals	(25,438)		(32,239)	
Dividends received	-		134,519	
Net cash (outflow)/inflow from returns on investments and servicing of finance		(27,881)		97,397
Taxation				
Corporation tax paid	(163,614)		(69,134)	
Corporation tax repaid	1,385		-	
Tax paid		(162,229)		(69,134)
Capital expenditure and financial investment				
Payments to acquire fixed asset investments	-		(18,000)	
Payments to acquire tangible assets	(257,956)		(627,907)	
Receipts from sales of tangible assets	37,001		17,675	
Net cash outflow from capital expenditure and financial investment		(220,955)		(628,232)
Net cash inflow before management of liquid resources and financing		318,196		200,191
Financing				
Capital element of finance lease contracts	(247,629)		(250,189)	
Net cash outflow from financing		(247,629)		(250,189)
Increase/(decrease) in cash		£ 70,567		£ (49,998)

Keene Repro Limited

Notes to the Financial Statements for the year ended 30 June 1997

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and equipment	-	20% Straight line
Fixtures, fittings and computers	-	20% to 25% Straight line
Motor vehicles	-	25% Straight line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Keene Repro Limited

Notes to the Financial Statements
for the year ended 30 June 1997

1. Accounting Policies (cont.)

1.9 Group Accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by Section 248 of the Companies Act 1985 on the grounds that it was a member of a medium sized group throughout the year.

2. Operating Profit

	1997 £	1996 £
Operating profit is stated after charging:		
Depreciation of tangible assets	635,054	551,599
Hire of plant and machinery	-	1,914
Auditors' remuneration	14,000	14,000
and after crediting:		
Exceptional item	(122,805)	-

The exceptional item is in respect of compensation received from a legal claim.

3. Income from Investments

	1997 £	1996 £
Income from subsidiary undertakings	219,573	134,519
Less: distribution of pre-acquisition profits	(8,185)	-
	<u>£ 211,388</u>	<u>£ 134,519</u>

4. Interest Payable

	1997 £	1996 £
On bank loans and overdrafts	2,443	4,883
Hire purchase interest	25,438	32,239
	<u>£ 27,881</u>	<u>£ 37,122</u>

Keene Repro Limited

Notes to the Financial Statements
for the year ended 30 June 1997

5.	Taxation	1997 £	1996 £
	U.K. Current year taxation		
	U.K. Corporation tax at 33% (1996 - 33%)	189,495	163,614
	Prior years		
	U.K. Corporation tax	(1,387)	-
		<u>£ 188,108</u>	<u>£ 163,614</u>

6.	Tangible Assets	Land and buildings Leasehold (short)	Plant and equipment	Fixtures, fittings & equipment	Motor vehicles	Total
		£	£	£	£	£
	Cost					
	At 1 July 1996	141,402	3,703,394	332,336	449,364	4,626,496
	Additions	63,807	66,761	44,385	83,003	257,956
	Disposals	-	(75,940)	(6,670)	(111,042)	(193,652)
	At 30 June 1997	<u>205,209</u>	<u>3,694,215</u>	<u>370,051</u>	<u>421,325</u>	<u>4,690,800</u>
	Depreciation					
	At 1 July 1996	95,102	2,535,747	260,372	283,012	3,174,233
	On disposals	-	(75,940)	(6,670)	(92,471)	(175,081)
	Charge for year	27,289	480,173	43,478	84,114	635,054
	At 30 June 1997	<u>122,391</u>	<u>2,939,980</u>	<u>297,180</u>	<u>274,655</u>	<u>3,634,206</u>
	Net book values					
	At 30 June 1997	<u>£ 82,818</u>	<u>£ 754,235</u>	<u>£ 72,871</u>	<u>£ 146,670</u>	<u>£ 1,056,594</u>
	At 30 June 1996	<u>£ 46,300</u>	<u>£ 1,167,647</u>	<u>£ 71,964</u>	<u>£ 166,352</u>	<u>£ 1,452,263</u>

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

	Net book value 1997 £	Net book value 1996 £	Depreciation charge 1997 £	Depreciation charge 1996 £
Plant and equipment	<u>231,100</u>	<u>499,600</u>	<u>88,700</u>	<u>234,100</u>

Keene Repro Limited

**Notes to the Financial Statements
for the year ended 30 June 1997**

7. Fixed Asset Investments	1997	1996
	£	£
Subsidiary undertakings	11,000	19,185
Investment in subsidiary undertakings		
	Shares	Total
	£	£
Cost		
At 1 July 1996	19,185	19,185
Distribution of pre-acquisition profits	(8,185)	(8,185)
At 30 June 1997	11,000	11,000
Net Book Values		
At 30 June 1997	£ 11,000	£ 11,000
At 30 June 1996	£ 19,185	£ 19,185

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
Subsidiary undertakings		Class	%
Keene Graphics Limited	England and Wales	Ordinary	100
Divideoffice Services Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Keene Graphics Limited	£11,000	£(219,573)
Divideoffice Services Limited	£(3,497)	£-

The trade of both Keene Graphics Limited and Divideoffice Services Limited was transferred to Keene Repro Limited on 30 June 1996.

8. Stocks	1997	1996
	£	£
Raw materials	68,101	68,645

Keene Repro Limited

Notes to the Financial Statements
for the year ended 30 June 1997

9.	Debtors	1997 £	1996 £
	Trade debtors	1,344,010	1,482,999
	Amounts owed by group undertakings	13,797	208,901
	Other debtors	25,409	36,165
	Prepayments	67,041	105,918
		<u>£1,450,257</u>	<u>£1,833,983</u>
10.	Creditors: amounts falling due within one year	1997 £	1996 £
	Bank overdraft	52,295	122,657
	Net obligations under finance lease and hire purchase contracts	102,542	247,629
	Trade creditors	176,969	281,577
	Amounts owed to group undertakings	6,364	157,024
	Corporation tax	189,495	163,614
	Other taxes and social security costs	220,871	237,529
	Other creditors	10,384	150,926
	Directors' current accounts	130,859	156,031
	Accruals and deferred income	236,149	604,349
		<u>£1,125,928</u>	<u>£2,121,336</u>

The bank overdraft is secured on a fixed and floating charge over the company's assets.

Keene Repro Limited

Notes to the Financial Statements
for the year ended 30 June 1997

11. Creditors: amounts falling due after more than one year	1997 £	1996 £
Net obligations under finance leases and hire purchase contracts	67,222	169,764
	<u>£ 67,222</u>	<u>£ 169,764</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	118,377	253,440
Repayable between one and five years	77,222	169,764
	<u>195,599</u>	<u>423,204</u>
Finance charges and interest allocated to future accounting periods	(25,835)	(5,811)
	<u>169,764</u>	<u>417,393</u>
Included in current liabilities	(102,542)	(247,629)
	<u>£ 67,222</u>	<u>£ 169,764</u>

12. Pension Costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in a independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £173,532 (1996 : £127,111).

13. Share Capital	1997 £	1996 £
Authorised		
2,000 Ordinary shares of £1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
2,000 Ordinary shares of £1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

Keene Repro Limited

Notes to the Financial Statements
for the year ended 30 June 1997

14. Profit And Loss Account	1997 £	1996 £
Retained profits at 1 July 1996	1,081,878	903,859
Retained profit for the year	310,031	178,019
Retained profits at 30 June 1997	<u>£1,391,909</u>	<u>£1,081,878</u>

15. Reconciliation of Movements in Shareholders' Funds	1997 £	1996 £
Profit for the financial year	310,031	178,019
Opening shareholders' funds	1,083,878	905,859
Closing shareholders' funds	<u>£1,393,909</u>	<u>£1,083,878</u>

16. Financial Commitments

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1997 £	1996 £
Expiry date:		
Within one year	8,400	-
Between two and five years	126,592	102,065
	<u>£ 134,992</u>	<u>£ 102,065</u>

Keene Repro Limited

Notes to the Financial Statements
for the year ended 30 June 1997

17. Directors' Emoluments	1997 £	1996 £
Emoluments for qualifying services	304,712	378,274
Company pension contributions to money purchase schemes	10,620	-
	<u>£ 315,332</u>	<u>£ 378,274</u>

Three directors are entitled to receive retirement benefits from money purchase pension schemes.

Emoluments disclosed above include the following amounts paid to the highest paid director: £113,741 (1996: £200,000).

18. Transactions With Directors

The following director had an interest free loan during the year. The movement on this loan was as follows:

	Amount Outstanding		Maximum
	1997	1996	in year
	£	£	£
D.R. Williams	2,501	-	2,501

Keene Repro Limited

Notes to the Financial Statements for the year ended 30 June 1997

19. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1997 Number	1996 Number
Directors	6	4
Administration	10	10
Production	60	46
	<u>76</u>	<u>60</u>

Employment costs

	£	£
Wages and salaries	2,053,972	1,954,545
Social security costs	207,213	195,768
Other pension costs	173,532	127,132
	<u>£2,434,717</u>	<u>£2,277,445</u>

20. Control

During the year, Keene Repro Limited was under the control of Mr F.E. Keene, a director and majority shareholder.

21. Related Party Transactions

The amount owed to Keene Graphics Limited (a subsidiary company) at 30 June 1997 was £6,364 (1996: £157,024).

The amount owed by Divideoffice Services Limited (a subsidiary company) at 30 June 1997 was £13,797 (1996: £208,901).

Keene Repro Limited

Notes to the Cash Flow Statement
for the year ended 30 June 1997

22.Reconciliation of operating profit to		1997	1996
net cash inflow from operating activities		£	£
Operating profit		314,632	297,236
Depreciation of tangible assets		635,054	551,599
Profit on disposal of tangible assets		(18,428)	(304)
Decrease/(Increase) in stocks		544	(20,225)
Decrease/(Increase) in debtors		383,726	(199,591)
(Decrease)/Increase in creditors		(586,267)	171,445
Net cash inflow from operating activities		£ 729,261	£ 800,160

23.	Analysis net debt	1 July 1996	Cash flow	Other non-cash changes	30 June 1997
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	902	205	-	1,107
	Bank overdrafts	(122,657)	70,362	-	(52,295)
		(121,755)	70,567	-	(51,188)
	Debt:				
	Finance leases	(417,393)	247,629	-	(169,764)
		(417,393)	247,629	-	(169,764)
	Net debt	£(539,148)	£ 318,196	£ -	£(220,952)

24.Reconciliation of net cash flow to		1997	1996
movement in net debt		£	£
Increase/(decrease) in cash in the year		70,567	(49,998)
Cash flow from decrease in lease financing		247,629	250,189
Change in net debt resulting from cash flows		318,196	200,191
Inception of finance leases		-	(242,000)
Movement in net funds in the year		318,196	(41,809)
Opening net debt		(539,148)	(497,339)
Closing net funds		£(220,952)	£(539,148)