

Company Registration No. 979521 (England and Wales)

KEENE REPRO LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003



KEENE REPRO LIMITED

DIRECTORS AND ADVISERS

Directors

F E Keene
R E Towers
J P Keene
A M Ashton
A J Gladden

Secretary

F E Keene

Company number

979521

Registered office

33/41 Dallington Street
London
EC1V 0BB

Registered Auditors

Morley and Scott
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Business address

33/41 Dallington Street
London
EC1V 0BB

Bankers

Lloyds TSB plc
Thavies Inn House
6 Holborn Circus
London
EC1N 2HP

KEENE REPRO LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent Auditors' report	3
Consolidated profit and loss account	4
Balance sheet	5
Consolidated cash flow statement	6
Notes to the consolidated cash flow statement	7 - 8
Notes to the consolidated financial statements	9 - 17

KEENE REPRO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003

The directors present their report and group financial statements of the company for the year ended 30 June 2003.

Principal activities and review of the business

The principal activity of the company continued to be that of pre-press, typesetting, artwork and film make-up.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

Directors

The following directors have held office since 1 July 2002:

F E Keene
R E Towers
J P Keene
A M Ashton
A J Gladden
R King (resigned 21 March 2003)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 June 2003	1 July 2002
F.E. Keene	1,600	1,600
R.E. Towers	-	-
J.P. Keene	-	-
A.M. Ashton	100	100
A.J. Gladden	-	-
R. King	-	-

None of the directors had a beneficial interest in the shares of the subsidiary undertakings.

Charitable contributions

During the year the company made charitable donations of £500 (2002: £2,570).

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing Morley and Scott be re-appointed as auditors of the company will be put to the Annual General Meeting.

KEENE REPRO LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2003

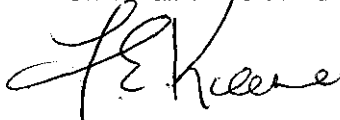
Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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;
- state whether applicable 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



F.E. Keene
Chairman

Date: 21st APRIL 2004

KEENE REPRO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KEENE REPRO LIMITED

We have audited the financial statements of Keene Repro Limited for the year ended 30 June 2003 on pages 4 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom 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.

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

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

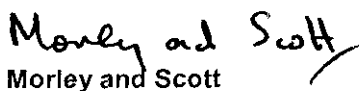
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and the group'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 the 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 and the group's affairs as at 30 June 2003 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Morley and Scott

Chartered Accountants
Registered Auditor

Date: 23 April 2004

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

KEENE REPRO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 £	2002 £
Turnover	2	5,187,449	5,442,370
Cost of sales		(3,205,718)	(3,411,701)
Gross profit		1,981,731	2,030,669
Distribution costs		(234,919)	(350,207)
Administrative expenses		(1,976,823)	(1,760,877)
Other operating income		-	11,705
Operating loss	3	(230,011)	(68,710)
Other interest receivable and similar income		11,399	16,443
Loss on ordinary activities before taxation		(218,612)	(52,267)
Tax on loss on ordinary activities	4	12	(33,932)
Loss for the financial period and retained profit for the year	13	(218,600)	(86,199)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

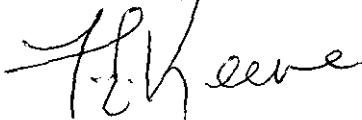
There are no recognised gains and losses other than those passing through the profit and loss account.

KEENE REPRO LIMITED

BALANCE SHEETS AS AT 30 JUNE 2003

	Notes	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Fixed assets					
Intangible assets	6	(19,463)	(31,028)	-	-
Tangible assets	7	650,933	864,482	615,047	818,899
Investments	8	-	-	66,191	65,000
		<u>631,470</u>	<u>833,454</u>	<u>681,238</u>	<u>883,899</u>
Current assets					
Stocks		32,082	39,820	21,908	29,682
Debtors	9	1,241,455	1,609,705	1,238,019	1,575,391
Cash at bank and in hand		451,273	332,547	380,275	304,058
		<u>1,724,810</u>	<u>1,982,072</u>	<u>1,640,202</u>	<u>1,909,131</u>
Creditors: amounts falling due within one year	10	(573,661)	(814,307)	(588,559)	(784,550)
		<u>1,151,149</u>	<u>1,167,765</u>	<u>1,051,643</u>	<u>1,124,581</u>
Net current assets					
		<u>1,151,149</u>	<u>1,167,765</u>	<u>1,051,643</u>	<u>1,124,581</u>
Total assets less current liabilities		<u>1,782,619</u>	<u>2,001,219</u>	<u>1,732,881</u>	<u>2,008,480</u>
Capital and reserves					
Called up share capital	12	1,700	1,700	1,700	1,700
Capital redemption reserve	13	300	300	300	300
Profit and loss account	13	1,780,619	1,999,219	1,730,881	2,006,480
		<u>1,782,619</u>	<u>2,001,219</u>	<u>1,732,881</u>	<u>2,008,480</u>
Shareholders' funds	14	<u>1,782,619</u>	<u>2,001,219</u>	<u>1,732,881</u>	<u>2,008,480</u>

The financial statements were approved by the board on 21st APRIL 2004


F E Keene
Chairman

KEENE REPRO LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

	2003		2002	
	£	£	£	£
Net cash inflow/(outflow) from operating Activities (Note 1)		363,176		(113,886)
Returns on investments and servicing of finance				
Interest received	11,399		16,443	
	<u>11,399</u>		<u>16,443</u>	
Net cash inflow for returns on investments and servicing of finance		11,399		16,443
Taxation		(34,026)		(112,729)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(222,249)		(336,324)	
Receipts from sale of tangible assets	26,617		19,115	
	<u>(195,632)</u>		<u>(317,209)</u>	
Net cash outflow from capital expenditure		(195,632)		(317,209)
Acquisitions and disposals				
Purchase of subsidiary undertaking	26,191		(40,000)	
Cash acquired with subsidiary	-		20,155	
	<u>(19,845)</u>		<u>(19,845)</u>	
Increase/(decrease) in cash in the year		<u>118,726</u>		<u>(547,226)</u>

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003 £	2002 £
	Operating loss	(230,011)	(68,710)
	Depreciation of tangible assets	414,798	442,246
	Amortisation of negative goodwill	(10,374)	(14,165)
	(Profit)/loss on disposal of tangible assets	(5,617)	3,323
	Decrease in stocks	7,738	29,411
	Decrease in debtors	368,250	91,581
	Decrease in creditors	(181,608)	(597,572)
	Net cash inflow/(outflow) from operating activities	363,176	(113,886)
2	Analysis of net debt		
		1 July 2002 £	30 June 2003 £
	Cash at bank and in hand	332,547	451,273
3	Reconciliation of net cash flow to movement in net funds	2003 £	2002 £
	Increase/(decrease) in cash in the period	118,726	(547,226)
	Opening net funds	332,547	879,773
	Closing net funds	451,273	332,547

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued) FOR THE YEAR ENDED 30 JUNE 2003

4	Purchase of subsidiary undertakings	2003	2002 £
	Net assets acquired		
	Tangible fixed assets	45,583	45,583
	Stocks	10,141	10,141
	Debtors	34,314	34,314
	Cash at bank and in hand	28,489	28,489
	Overdraft	(8,334)	(8,334)
		110,193	110,193
	Negative goodwill	(44,002)	(45,193)
		66,191	65,000
	Satisfied by		
	Cash	66,191	40,000
	Contingent consideration	-	25,000
		66,191	65,000

Negative goodwill has been adjusted to agree to the actual cash paid to acquire Anton Graphics Limited. The actual cash paid was £1,191 higher than the estimate made in the financial statements for the year ended 30 June 2002 as detailed above.

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 30 June 2003.

1.4 Turnover

Turnover represents amounts receivable for goods sold, services provided and rental income net of VAT and trade discounts.

1.5 Goodwill

On the acquisition of a business fair values are attributed to its net tangible assets. Where the cost of acquisition exceeds the values attributed to such assets, the difference is treated as purchased goodwill. Where the cost of acquisition is less than the fair values attributed to such assets, the difference is treated as negative goodwill. Negative goodwill is recognised in the profit and loss account in the periods which the non-monetary assets acquired are recovered.

1.6 Tangible fixed assets and depreciation

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

Land and buildings leasehold (short)	Straight line over the length of the lease
Plant and machinery	20% straight line
Fixtures, fittings and computers	20% to 25% straight line
Motor vehicles	25% straight line

1.7 Stock

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

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year. The company operates a defined contribution pension scheme.

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2003

1 Accounting policies (continued)

1.9 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS 19 – Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

2 Turnover

The total turnover of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	2003 £	2002 £
Operating loss is stated after charging/(crediting):		
Depreciation of tangible assets	414,798	442,246
Amortisation of intangible assets	(10,374)	(14,165)
Auditors' remuneration	18,000	15,000

4 Taxation

	2003 £	2002 £
U.K. current year taxation		
U.K. corporation tax	-	34,037
Adjustment for prior years	(12)	(105)
Current charge	(12)	33,932
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(218,612)	(52,267)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0% (2002: 29.03%)	-	(15,174)
Effects of:		
Non deductible expenses	-	57,755
Depreciation	-	136,091
Capital allowances	-	(126,791)
Adjustments to previous periods	-	(105)
Chargeable disposals	(12)	(2,192)
Marginal rate relief	-	(15,632)
Other tax adjustments	-	(20)
Current tax charge	(12)	33,932

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2003

5 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2003 £
Holding company's loss for the financial year	275,599

6 Intangible fixed assets

Group	Negative Goodwill £
Cost	
On acquisition of subsidiaries and at 1 July 2002	(45,193)
Adjustment for contingent consideration	1,191
At 30 June 2003	(44,002)
Amortisation	
Released amortisation brought forward	14,165
Released for year ending 30 June 2003	10,374
	24,539
Net book value	
At 30 June 2003	(19,463)
At 30 June 2002	(31,028)

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2003

7 Tangible fixed assets					
Group	Land and buildings leasehold (short) £	Plant and equipment £	Fixtures, fittings and computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 July 2002	233,275	3,633,660	390,604	397,860	4,655,399
Additions	-	162,642	34,237	25,370	222,249
Disposals	-	-	-	(100,311)	(100,311)
At 30 June 2003	233,275	3,796,302	424,841	322,919	4,777,337
Depreciation					
At 1 July 2002	221,781	2,963,845	352,438	252,853	3,790,917
Charge for the period	4,626	308,181	27,155	74,836	414,798
On disposals	-	-	-	(79,311)	(79,311)
At 30 June 2003	226,407	3,272,026	379,593	248,378	4,126,404
Net book value					
At 30 June 2003	6,868	524,276	45,248	74,541	650,933
At 30 June 2002	11,494	669,815	38,166	145,007	864,482
Company	Land and buildings leasehold (short) £	Plant and equipment £	Fixtures, fittings and computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 July 2002	233,275	3,587,022	388,403	397,860	4,606,560
Additions	-	162,642	34,237	25,370	222,249
Disposals	-	-	-	(100,311)	(100,311)
At 30 June 2003	233,275	3,749,664	422,640	322,919	4,728,498
Depreciation					
At 1 July 2002	221,781	2,960,736	352,291	252,853	3,787,661
Charge for the year	4,626	298,854	26,785	74,836	405,101
On disposals	-	-	-	(79,311)	(79,311)
At 30 June 2003	226,407	3,259,590	379,076	248,378	4,113,451
Net book value					
At 30 June 2003	6,868	490,074	43,564	74,541	615,047
At 30 June 2002	11,494	626,286	36,112	145,007	818,899

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2003

8 Fixed asset investments

Company	Unlisted investments £
Cost	
At 1 July 2002	65,000
Additions	1,191
At 30 June 2003	66,191

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Anton Graphics Limited	England & Wales	Ordinary	100
		Capital and reserves 2003 £	Profit for the year 2003 £
Anton Graphics Limited		149,326	60,560

The principal activity of Anton Graphics Limited is that of digital pre-press production and origination.

9 Debtors

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Trade debtors	1,078,710	1,034,569	1,496,418	1,466,282
Other debtors	19,977	63,139	29,382	29,382
Prepayments and accrued income	142,768	140,311	83,905	79,727
	1,241,455	1,238,019	1,609,705	1,575,391

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2003

10 Creditors: amounts falling due within one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Trade creditors	202,758	197,102	176,340	165,218
Amounts owed to subsidiary undertakings	-	(7,094)	-	-
Corporation tax	-	-	34,037	33,007
Taxes and social security costs	191,285	177,770	207,863	198,324
Directors current accounts	(41,370)	1,792	100,652	100,652
Accruals and deferred income	220,988	218,989	295,415	287,349
	<u>573,661</u>	<u>588,559</u>	<u>814,307</u>	<u>784,550</u>

11 Pension costs

Company

The company now operates a defined contribution pension scheme. The company previously operated a defined benefit scheme for its employees, that has been closed since 1 April 1994. The last actuarial valuation carried out by an independent firm of qualified actuaries on 1 December 1998 indicated that there was no funding surplus or deficit. As a result there has been no change in the financial statements relating to this scheme (2002: £nil). However, should market conditions or circumstances change that significantly reduce the value of the assets of the scheme, the company may need to make future funding arrangements.

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	<u>215,917</u>	<u>195,441</u>

12 Share capital

	2003 £	2002 £
Authorised		
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
1,700 Ordinary shares of £1 each	<u>1,700</u>	<u>1,700</u>

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2003

13 Statement of movements on reserves

Group	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2002	300	1,999,219
Retained loss for the year	-	(218,600)
Balance at 30 June 2003	300	1,780,619
Capital redemption reserve		
Balance at 1 July 2002 and 30 June 2003	300	

Company	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2002	300	2,006,480
Retained loss for the year	-	(275,599)
Balance at 30 June 2003	300	1,730,881
Capital redemption reserve		
Balance at 1 July 2002 and 30 June 2003	300	

14 Reconciliation of movements in shareholders' funds

Group	2003 £
Loss for the financial year	(218,600)
Opening shareholders' funds	2,001,219
Closing shareholders' funds	1,782,619
Company	2003 £
Loss for the financial year	(275,599)
Opening shareholders' funds	2,008,480
Closing shareholders' funds	1,732,881

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2003

15 Financial commitments

At 30 June 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003 £	2002 £
Expiry date: Between two and five years	260,060	350,000

16 Directors' emoluments

Company	2003 £	2002 £
Emoluments for qualifying services	439,758	442,142
Company pension contributions to money purchase schemes	24,916	25,000
	464,674	467,142

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	119,690	114,702
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The number of directors for whom retirement benefits are accruing under money purchase pension scheme amounted to 5 (2002 – 6).

17 Transactions with directors

Company

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding 2003 £	2002 £	Maximum in Year £
F.E. Keene (debit balance)	38,575	-	51,247
A. Gladden (debit balance)	4,597	-	4,587

During the year F. E. Keene, a director of the company, purchased a motor vehicle from the company. The purchase price paid was £2,500 and is considered to be market value.

KEENE REPRO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2003

18 Employees

Number of employees

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

	2003 Number	2002 Number
Directors	5	6
Administration	14	17
Production	57	64
	76	87

Employment costs

	2003 £	2002 £
Wages and salaries	2,127,495	2,560,320
Social security costs	256,013	253,433
Other pension costs	191,001	195,441
	2,574,509	3,009,194

19 Control

Group

The ultimate controlling party this year and last is F.E. Keene.