

Registration No: 007315

CHARLES LETTS & CO LIMITED
ANNUAL REPORT AND ACCOUNTS
1999



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CHARLES LETTS & CO LIMITED

ANNUAL REPORT AND ACCOUNTS For the 52 weeks ended 1 January 2000

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CHARLES LETTS & CO LIMITED

Directors:

S R G Booth
(Chairman)

G J Bennington

R Harrison
(Secretary)

Registered Office:

Thorneybank Industrial Estate
DALKEITH
Midlothian
EH22 2NE

Registered Number:

007315

CHARLES LETTS & CO LIMITED

DIRECTORS' REPORT

The Directors submit their report and audited accounts for the 52 weeks ended 1 January 2000.

DIVIDENDS

The Directors do not recommend the payment of an ordinary dividend (1998: £ Nil).

PRINCIPAL ACTIVITIES

The principal activity of the Company, which is a wholly owned subsidiary of Charles Letts (Holdings) Limited, itself a subsidiary of Bemrose Corporation plc, consists of the publication of diaries from origin to sale.

REVIEW OF THE BUSINESS

Both the level of business and the year end financial position were satisfactory, and the Directors expect that the present level of activity will be sustained for the foreseeable future.

CHARITABLE DONATIONS

The Company contributed the following sums:

	1999 £	1998 £
Charitable purposes	6,000	Nil

DISABLED PERSONS

The Company has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation the Company seeks to employ at least the quota of disabled persons required and endeavours to ensure that disabled employees benefit from training and career development programmes in common with all other employees. The Company's policy includes, where practicable, the continued employment of those who may become disabled during their employment.

CHARLES LETTS & CO LIMITED

EMPLOYEE INVOLVEMENT

As a key part of the Company's philosophy, we continue to place great importance on involving our staff in our operations.

Regular meetings are held between management and employee representatives through which we seek to keep staff informed and involved in the progress and performance of the Company.

A Savings Related Share Option Scheme exists within the Bemrose Corporation plc group for all employees with at least 12 months' service within the Group.

DIRECTORS

The Directors in office at the present time are listed on page 3.

All the Directors in office at the present time are Directors of the parent Company and their interests in the share capital of group companies are disclosed in the accounts of that Company.

During the period the Company maintained insurance to indemnify Directors against liability incurred in relation to its activities.

Neither the existing Directors nor any members of their families had any interest either during or at the end of the period in any contract with the Company requiring disclosure under Parts II and III of Schedule 6 of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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.
- 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 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.

CHARLES LETTS & CO LIMITED

AUDITORS

A resolution to reappoint PricewaterhouseCoopers as auditors to the Company will be proposed at the Annual General Meeting.

CREDITOR PAYMENT POLICY

The Company's current policy concerning the payment of trade creditors is to:

- (a) settle the terms of payment with suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other legal obligations.

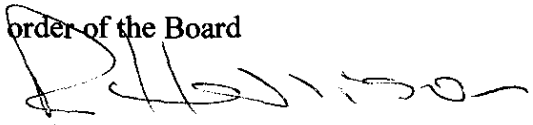
The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services.

The number of days credit taken by the Company from its suppliers at the year end is 100 days.

YEAR 2000

The Company experienced a successful outcome to its year 2000 compliance preparations. No adverse operational or financial consequences have arisen. The costs of year 2000 compliance were not material.

By order of the Board


R Harrison
Secretary

14 April 2000

CHARLES LETTS & CO LIMITED

AUDITORS' REPORT TO THE MEMBERS OF CHARLES LETTS & CO LIMITED.

We have audited the financial statements on pages 8 to 21.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

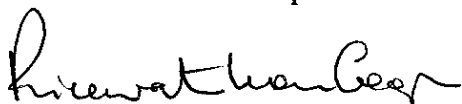
Basis of audit opinion

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 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 at 1 January 2000 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors
NOTTINGHAM
14 April 2000

CHARLES LETTS & CO LIMITED

PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 1 January 2000

	Note	1999 £'000	1998 £'000
TURNOVER	(1)	21,286	22,051
Change in stocks of finished goods and work in progress		<u>940</u>	<u>362</u>
		22,226	22,413
Net operating expenses	(2)	<u>21,372</u>	<u>21,832</u>
OPERATING PROFIT		854	581
Net interest receivable	(6)	<u>198</u>	<u>145</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		1,052	726
Tax on profit on ordinary activities	(7)	<u>311</u>	<u>25</u>
TRANSFER TO RESERVES	(16)	<u>741</u>	<u>701</u>

The Company has no recognised gains and losses other than those included in the profits above, therefore, no separate statement of total recognised gains and losses has been presented. There is no difference between the profit on ordinary activities before taxation and the profit for the financial year, and their historical cost equivalents.

Turnover and operating profits all relate to continuing activities.

CHARLES LETTS & CO LIMITED

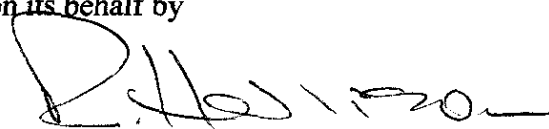
BALANCE SHEET AT 1 JANUARY 2000

	Note	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible assets	(8)	5,211	4,947
Investments	(9)	6,000	6,000
		<u>11,211</u>	<u>10,947</u>
CURRENT ASSETS			
Stocks	(10)	2,931	1,914
Debtors	(11)	14,115	14,955
Cash at bank and in hand		1,970	208
		<u>19,016</u>	<u>17,077</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	(12)	(21,971)	(20,371)
NET CURRENT LIABILITIES		<u>(2,955)</u>	<u>(3,294)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,256	7,653
Creditors: amounts falling due after more than one year	(13)	-	(160)
Provisions for liabilities and charges	(14)	(87)	(65)
NET ASSETS		<u>8,169</u>	<u>7,428</u>
CAPITAL AND RESERVES			
Called up share capital	(15)	784	784
Profit and loss account	(16)	7,385	6,644
EQUITY SHAREHOLDERS' FUNDS		<u>8,169</u>	<u>7,428</u>

Approved by the Board of Directors, and signed on its behalf by



S R G Booth
Director



R Harrison
Director

14 April 2000

The accounting policies and notes on pages 11 to 21 form an integral part of these accounts.

CHARLES LETTS & CO LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS **For the 52 weeks ended 1 January 2000.**

	1999 £'000	1998 £'000
Profit for the financial period	741	701
Opening shareholders' funds	7,428	6,727
Closing shareholders' funds	<u>8,169</u>	<u>7,428</u>

CHARLES LETTS & CO LIMITED

ACCOUNTING POLICIES

For the 52 weeks ended 1 January 2000

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies adopted are described below.

The accounts are prepared in accordance with historical cost accounting principles.

TURNOVER

Turnover represents the net invoiced value of goods and services to customers.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over the period of their estimated useful lives, which are reviewed on a regular basis. No depreciation is provided on land.

The principal useful lives currently fall within the following ranges:-

Plant, machinery, fixtures and fittings - 5 to 25 years

Profits and losses arising from depreciation over or under provided at the time of disposal are accounted for in arriving at operating profit and are separately disclosed when material

LEASE AND HIRE PURCHASE CONTRACTS

Fixed assets leased under finance leases or acquired under hire purchase contracts are capitalised and depreciated over their expected useful lives within the ranges specified above. Finance charges are allocated over the primary period of the lease or hire purchase contract in proportion to the capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account as they accrue.

CHARLES LETTS & CO LIMITED

ACCOUNTING POLICIES *(continued)*

INVESTMENTS

Investments held as fixed assets are stated at cost less provisions for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Provision is made, at appropriate rates of tax, using the liability method, where a material liability may crystallise in the foreseeable future.

Where a provision is required, deductions are made for anticipated relief arising from losses and for advance corporation tax.

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at quoted rates of exchange ruling at the balance sheet date.

Exchange profits and losses arising from current trading are included in operating profit.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of costs and net realisable value. Cost comprises materials, labour and the overheads attributable to the stage of production reached.

PENSIONS

The Company contributes to a group pension scheme operated by Bemrose UK Limited. Contributions and pension costs are based on pension costs across the group as a whole. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular costs are spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS

For the 52 weeks ended 1 January 2000

	1999 £'000	1998 £'000
1 ANALYSIS OF TURNOVER		
The analysis of turnover in terms of destination is as follows:		
Africa	140	382
America	3,172	3,113
Australia	68	159
Continental Europe	1,787	1,038
Far East	349	207
Middle East	592	1,495
United Kingdom	15,178	15,657
	<u>21,286</u>	<u>22,051</u>

In the opinion of the Directors the Company's businesses are closely interlinked with regard to products, production processes and the market in which the Company operates and do not differ from each other sufficiently to require separate disclosure of their turnover, profits or assets.

2 NET OPERATING EXPENSES

Raw materials and consumables	6,703	5,977
Rentals under operating leases:		
Hire of vehicles and equipment	202	278
Other operating leases	423	365
Auditors remuneration for audit	28	44
Staff costs (note 3)	8,944	9,170
Depreciation of owned assets	865	679
Depreciation of assets held under finance leases	110	103
Profit on disposal of fixed assets	(44)	(89)
Exchange (gains)/losses	(46)	38
Other external charges	4,187	5,267
	<u>21,372</u>	<u>21,832</u>

Remuneration of the Company's auditors for the provision of non audit services to the Company during the period was Nil (1998: £20,000).

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS (*continued*)

	1999 £'000	1998 £'000
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3 STAFF COSTS

- a) The average monthly number employed by the Company during the period is analysed as follows:

	1999 No.	1998 No.
Production	341	309
Sales and distribution	62	69
Administration	20	25
	<u>423</u>	<u>403</u>

- b) The costs incurred in respect of these employees were:

Wages and salaries	7,967	8,231
Social security costs	689	651
Pension costs (note 4)	288	288
	<u>8,944</u>	<u>9,170</u>

4 EMPLOYEE PENSION SCHEMES

Regular cost	<u>288</u>	<u>288</u>
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The Company participates in a group pension scheme operated by Bemrose UK Limited. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest actuarial assessment of the scheme was at 6 April 1998. Particulars of the valuation are contained in the accounts of Bemrose UK Limited

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS (*continued*)

	1999 £'000	1998 £'000
5 DIRECTORS' EMOLUMENTS		
The Directors received no remuneration from the Company.		
6 NET INTEREST RECEIVABLE		
Bank loans and overdrafts:		
Repayable within 5 years not by instalments	(17)	(24)
Interest receivable from fellow group Company	241	219
Finance leases	(26)	(50)
	198	145
7 TAX ON PROFIT ON ORDINARY ACTIVITIES		
United Kingdom taxation:		
Corporation tax charge at 30¼ % (1998: 31%)	136	41
Deferred taxation:		
Charge for the period	186	56
	322	97
Advance corporation tax written back	(24)	-
Adjustments in respect of previous year:		
Advance Corporation Tax previously written off, now recoverable	-	82
Corporation tax	150	(10)
Amount receivable from fellow subsidiaries in respect of group relief	27	-
Deferred taxation	(164)	-
	311	25

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS *(continued)*

8 TANGIBLE FIXED ASSETS

	Plant & Machinery £'000	Fixtures & Fittings £'000	Total £'000
Cost			
At 3 January 1999	13,042	185	13,227
Additions	627	87	714
Group transfers	3,090	302	3,392
Disposals	(185)	-	(185)
At 1 January 2000	16,574	574	17,148
Depreciation			
At 3 January 1999	8,131	149	8,280
Charge for period	943	32	975
Group transfers	2,587	280	2,867
Disposals	(185)	-	(185)
At 1 January 2000	11,476	461	11,937
Net Book Value			
At 1 January 2000	5,098	113	5,211
At 3 January 1999	4,911	36	4,947

	1999 £'000	1998 £'000
Included in the above are assets held under finance leases as follows:		
Capitalised values	1,097	1,097
Accumulated depreciation	508	398
Net book value at the end of the period	589	699

9 INVESTMENTS

	1999 £'000	1998 £'000
Investment in subsidiary	6,000	6,000

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS (*continued*)

Subsidiary Companies

The subsidiary Company at 1 January 2000, which is wholly owned, is:

Name of Company	Country of Incorporation and Operation	Principal Activity
Charles Letts Properties Ltd	England	Dormant

In the opinion of the Directors the aggregate value of the assets consisting of shares in the Company's subsidiary is no less than the aggregate of the amounts at which those assets are stated in the balance sheet.

The Company is exempt under Section 228 of the Companies Act 1985 from preparing consolidated financial statements on the grounds that the results of the Company and its subsidiaries are incorporated in the consolidated financial statements of the ultimate parent Company, Bemrose Corporation plc.

	1999 £'000	1998 £'000
10 STOCKS		
Raw materials and consumables	652	575
Work in progress	1,442	1,036
Finished goods and goods for sale	837	303
	<u>2,931</u>	<u>1,914</u>
11 DEBTORS		
Trade debtors	8,252	8,368
Amounts owed by group undertakings	5,584	6,333
Other debtors	32	12
Prepayments	247	242
	<u>14,115</u>	<u>14,955</u>

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS *(continued)*

	1999 £'000	1998 £'000
12 CREDITORS: amounts falling due within one year		
Bank overdrafts	1,087	186
Payments received on account	-	9
Trade creditors	3,946	4,136
Amounts owed to group undertakings	14,988	13,730
Corporation Tax	225	24
Other taxation and social security	664	917
Obligation under finance leases	160	240
Other creditors	901	1,129
	<u>21,971</u>	<u>20,371</u>
13 CREDITORS: amounts falling due after more than one year		
Obligations under finance leases:		
From one to two years	<u>-</u>	<u>160</u>
14 PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation	<u>87</u>	<u>65</u>
a) Movement in period		
At 3 January 1999	65	3
Tax on profit on ordinary activities	22	56
ACT not yet relieved	<u>-</u>	<u>6</u>
At 1 January 2000	<u>87</u>	<u>65</u>

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS *(continued)*

b) Deferred taxation

The amounts provided and not provided for deferred taxation are set out below:

	Amounts provided		Amounts not provided	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Depreciation/capital allowances	87	198	-	-
Tax effect of losses carried forward	-	(3)	-	-
ACT recoverable	-	(130)	-	(599)
	<u>87</u>	<u>65</u>	<u>-</u>	<u>(599)</u>

15 CALLED UP SHARE CAPITAL

1999
£'000

1998
£'000

Authorised, allotted, issued and fully paid:
784,000 ordinary shares of £1 each

784

784

16 RESERVES

Profit and
loss
Account
£'000

At 3 January 1999
Retained profit for the year

6,644
741

At 1 January 2000

7,385

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS *(continued)*

17 FINANCIAL COMMITMENTS

At 1 January 2000, the Company was committed to making the following payments during the next year in respect of non-cancellable operating leases which expire:

	1999		1998	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	29	15	-	-
In two to five years	-	137	-	176
	<u>29</u>	<u>152</u>	<u>-</u>	<u>176</u>

18 CONTINGENT LIABILITIES

Guarantees have been given by the Company for Group bank borrowings which, at 1 January 2000 amounted to £2,700,000 (1998: £25,442,000).

19 CAPITAL COMMITMENTS	1999 £'000	1998 £'000
Amounts not provided for in these accounts:		
Contracted for	<u>209</u>	<u>-</u>

20 ULTIMATE PARENT COMPANY

The ultimate parent Company is Bemrose Corporation plc, a Company incorporated in England. Copies of the group financial statements can be obtained from its registered office at North Bar House, Beverley HU17 8DG.

CHARLES LETTS & CO LIMITED

NOTES TO THE ACCOUNTS *(continued)*

21 CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of Charles Letts (Holdings) Limited, whose ultimate parent Company is Bemrose Corporation plc. The cash flows of the Company are included in the consolidated cash flow statement of Bemrose Corporation plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard Number 1 from publishing a cash flow statement.

22 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in Financial Reporting Standard 8 in relation to transactions with entities that are part of the Group.