Registrar

21 COLOUR LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st AUGUST 2000

Company No. 19941



21 COLOUR LIMITED

DIRECTORS' REPORT

The Directors present their Report and the audited Financial Statements for the year ended 31st August 2000.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of commercial printers.

DIRECTORS

The Directors of the Company during the year and their interests in the shares of the Company as recorded in the register of Directors' interests were as follows:-

	Ordinary £1 Shares 31.08.00	Ordinary 1p Shares 1.09.99
N.C. MACLEAN	-	501
D. CLARK	2,625	105
T. PRICE	3,750	150
P. COLE	2,625	105
K. MacASKILL	3,750	150

SHARE CAPITAL

On 21st January 2000, the Company bought back 30,000 1p shares at a cost of £530,000. The shares were purchased from Mr. and Mrs. N.C. Maclean and a related Trust. The purchase represented all of their share capital and 98% of the total called up share capital of the Company at that date.

The Company cancelled all of the shares when the sale was completed.

AUDITORS

Alexander Sloan & Co., C.A., will be proposed for re-election as Auditors at the Annual General Meeting.

SMALL COMPANY EXEMPTIONS

This Report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and in accordance with the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD

DAVID CLARK
Secretary

15th January 2001

21 COLOUR LIMITED

STATEMENT OF 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 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.

The Directors confirm that the Financial Statements comply with the above requirements.

AUDITORS' REPORT TO THE MEMBERS OF

21 COLOUR LIMITED

We have audited the Financial Statements on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities and under the accounting policies set out on page 6.

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 judgments 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 error or other irregularity. 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 31st August 2000 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



ALEXANDER SLOAN & CO., C.A.
Registered Auditors

GLASGOW, 15th January 2001

21 COLOUR LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st AUGUST 2000

	Notes	2000 £	1999 £
Turnover		2,736,330	1,984,778
Cost of Sales		2,151,168	1,713,433
Gross Profit		585,162	271,345
Net Operating Expenses			
Distribution Costs		(195,349)	(158,078)
Administrative Expenses		(361,510)	(222,983)
Other Operating Income		3,744	5,362
Operating Profit/(Loss)	2	32,047	(104,354)
Exceptional Item	3	267,271	-
Investment Income		-	2,151
Interest Payable		(67,938)	(42,569)
Profit/(Loss) on ordinary activities before taxation		231,380	(144,772)
Taxation	4	-	-
Profit/(Loss) on ordinary activities after taxation retained for the year		**231,380**	**(144,772)**

21 COLOUR LIMITED

BALANCE SHEET

AS AT 31st AUGUST 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible Assets	6		1,413,218		1,188,441
CURRENT ASSETS					
Stocks		25,547		45,986	
Debtors	7	642,868		512,576	
Cash at Bank and in hand		787		507	
		669,202		559,069	
CREDITORS - Amounts falling due within one year	8	952,408		634,847	
NET CURRENT LIABILITIES			(283,206)		(75,778)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,130,012		1,112,663
CREDITORS - Amounts falling due after more than one year	9		(901,450)		(585,481)
			228,562		**527,182**
CAPITAL AND RESERVES					
Called up Share Capital	10		15,000		306
Capital Redemption Reserve			300		-
Share Premium	11		12,594		12,594
Other Reserves			43,775		43,775
Profit and Loss Account	12		156,893		470,507
TOTAL SHAREHOLDERS' FUNDS			**228,562**		**527,182**

These Accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

The Financial Statements on Pages 4 to 10 were approved by the Board of Directors on 15th January 2001.

DAVID CLARK
Director

21 COLOUR LIMITED

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st AUGUST 2000

1. ACCOUNTING POLICIES

Basis of Accounting
The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover
Turnover represents the invoiced amounts of goods sold, net of Value Added Tax. All turnover arises from continuing activities.

Depreciation
Depreciation is calculated to write off the cost of fixed assets less any expected residual values over their expected useful lives as follows:-

Property	- 2% straight line
Computer Installation	- 25% straight line
Plant and Machinery	- 20% and 10% straight line
Motor Vehicles	- 25% reducing balance
Furniture and Equipment	- 15% reducing balance

Stocks
Stocks are valued at the lower of cost and net realisable value. Work-in-progress is valued at material cost.

Deferred Taxation
Deferred taxation is provided using the liability method on all timing differences where it is considered probable that a liability will crystallise in the foreseeable future.

Pensions
The Company operates a defined contribution pension scheme. Contributions are charged to the Profit and Loss Account as they become payable in accordance with the rules of the Scheme.

Leasing
Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Debt Factoring
Debt factoring costs are debited to the Profit and Loss Account as they fall due.

Deferred Income
Deferred income is included within other creditors and released to the Profit and Loss Account at an amount appropriate to match the costs to which it relates.

NOTES ON FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st AUGUST 2000

2. OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting):-

	2000	1999
	£	£
Net Rental Income	(3,744)	(5,362)
(Profit) on Sale of Assets - Investments	-	(70,236)
- Other Fixed Assets	(141,702)	(11,678)
Auditors' Remuneration - Audit	3,750	3,750
Depreciation - Owned Assets	2,522	28,877
- Assets held under Hire Purchase Agreement	108,294	62,521

3. EXCEPTIONAL ITEM

Gain on Disposal of Buildings	267,271	-

The gain for Capital Gains Tax purposes has been rolled over into the cost of new plant and machinery purchased by the Company.

4. TAXATION

There is no tax charge in the Accounts as the Company has losses to cover future profits.

5. DIRECTORS' REMUNERATION

	2000	1999
	£	£
Directors' Remuneration	268,633	281,350
Compensation to past Directors for loss of office	-	20,808

NOTES ON FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st AUGUST 2000

6. TANGIBLE FIXED ASSETS

	Land and Buildings	Plant and Machinery, etc.	Total
	£	£	£
Cost or Valuation			
1st September 1999	359,649	1,466,047	1,825,696
Additions	-	652,844	652,844
Disposals	(359,649)	(200,335)	(559,984)
31st August 2000	-	1,918,556	1,918,556
Depreciation			
1st September 1999	51,920	585,335	637,255
Charge for year	-	110,816	110,816
Disposals	(51,920)	(190,813)	(242,733)
31st August 2000	-	505,338	505,338
Net Book Value			
31st August 2000	-	1,413,218	1,413,218
31st August 1999	307,729	880,712	1,188,441

Plant and machinery includes assets held under finance leases. The net book value of these assets is £1,347,229 (1999 - £807,791). Depreciation charged on these assets was £108,294 (1999 - £62,521).

7. **DEBTORS** - Amounts falling due within one year	2000	1999
	£	£
Trade Debtors	624,940	496,192
Other Debtors	17,928	16,384
	642,868	512,576

21 COLOUR LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st AUGUST 2000

8. **CREDITORS** - Amounts falling due within one year	**2000** £	**1999** £
Bank Overdraft	134,955	111,637
Trade Creditors	215,352	203,245
Debt Factoring Loan	333,537	142,402
Other Creditors	52,383	50,072
Hire Purchase Creditor	216,181	127,491
	952,408	**634,847**

Debts are secured by a floating charge over the Company's assets and an assignation over book debts in respect of the debt factoring loan.

Within other creditors is £33,282 (1999 - £30,125) which relates to other taxation and social security costs.

9. **CREDITORS** - Amounts falling due after more than one year	**2000** £	**1999** £
Hire Purchase Creditor	**901,450**	**585,481**

Included within the £1,117,631 hire purchase creditor, payable by instalments, is an amount of £131,628 which falls due in more than five years.

10. **CALLED UP SHARE CAPITAL**	**2000** £	**1999** £
Authorised		
30,000 Ordinary Shares of £1 each	**30,000**	**30,000**
Allotted, Called up and Fully Paid		
15,000 Ordinary Shares of £1 each	**15,000**	**306**

On 21st January 2000, the Company bought back 30,000 1p shares at a cost of £530,000. The shares were purchased from Mr. and Mrs. N.C. Maclean and a related Trust. The purchase represented all of their share capital.

On 10th March 2000, the Company allotted 1,499,400 1p Ordinary Shares at par by way of a bonus issue from Reserves.

The Company then consolidated every 100 Ordinary Share of 1p each into 1 Ordinary Share of £1 each.

NOTES ON FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st AUGUST 2000

11. SHARE PREMIUM RESERVE

	2000	1999
	£	£
Premium on shares issued	12,594	12,594
As at 31st August 2000	**12,594**	**12,594**

12. PROFIT AND LOSS ACCOUNT

	2000
	£
1st September 1999	470,507
Profit for the year	231,380
	701,887
Capitalisation of Reserves	(14,994)
Redemption of Share Capital	(530,000)
	156,893

13. PENSION SCHEMES

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the funds and amounted to £27,363 (1999 - £21,447).

14. CAPITAL COMMITMENTS

At 31st August 2000, the Company had no capital commitments.

15. OTHER FINANCIAL COMMITMENTS

As at 31st August 2000 the Company had commitments under non-cancellable operating leases as set out below:-

	2000	1999
	£	£
Operating leases which expire:-		
within two to five years	**194,739**	**117,216**

16. RELATED PARTY TRANSACTIONS

During the year, the Company bought back 30,000 Ordinary 1p Shares from Mr. N.C. Maclean, a Director, Mrs. E.M.K. Maclean, his wife, and a related Trust. The consideration paid for these shares was as follows:-

Name	Number of Shares Held	Consideration Paid £
N.C. MACLEAN	1,500	26,500
MRS. E.M.K. MACLEAN	7,501	132,516
WILLIAM KNOX MILLAR TRUST	20,999	370,984

Mr. N.C. Maclean and Mrs. E.M.K. Maclean act as Trustees for the aforementioned Trust.

21 COLOUR LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st AUGUST 2000

	£	2000 £	£	1999 £
Turnover		2,736,330		1,984,778
Cost of Sales				
Purchases	1,045,017		799,146	
Repairs and Maintenance	73,861		28,005	
Power, Heat and Light	13,209		12,597	
Motor Expenses	5,456		8,239	
Salaries and Wages	755,808		506,568	
Employers' National Insurance	75,321		49,426	
Pension Contributions	5,288		3,875	
Directors' Remuneration	119,963		129,819	
Depreciation- Freehold	-		7,193	
- Motor Vehicles	88		330	
- Plant and Machinery	106,342		78,243	
Lease of Plant and Machinery	94,815		89,992	
Gain on Sale of Plant	(144,000)		-	
		2,151,168		1,713,433
Gross Profit		585,162		271,345
Other Operating Income				
Net Rental Income		3,744		5,362
		588,906		276,707
LESS: OVERHEADS				
Salaries and Wages - Admin.	32,197		30,285	
Employers' National Insurance - Admin.	2,371		2,323	
Pension Scheme Contributions - Admin.	1,948		2,542	
Rent, Rates and Insurance	78,425		30,847	
Motor Expenses	6,112		5,862	
Postage and Telephone	16,920		14,601	
Stationery	4,489		5,689	
Subscriptions	3,374		4,437	
Entertaining	4,818		3,831	
Legal and Professional	26,280		29,786	
Waste Removal	11,810		8,325	
Bank Charges	34,548		12,367	
Advertising and Donations	1,121		4,005	
General	16,846		9,535	
Repairs and Maintenance	14,430		6,569	
Set-up Costs	-		4,765	
Carried Forward	255,689		175,769	

TRADING AND PROFIT AND LOSS ACCOUNT (Contd.)

FOR THE YEAR ENDED 31st AUGUST 2000

	£	2000 £	£	1999 £
Brought Forward	255,689		175,769	
LESS: OVERHEADS (Contd.)				
Directors' Remuneration - Admin.	76,833		88,529	
Pension Contributions - Admin.	18,689		14,044	
Depreciation - Motor Vehicles - Admin.	4,386		2,672	
Salaries and Wages - Sales	73,188		49,635	
Employers' National Insurance - Sales	6,752		4,709	
Pension Scheme Contributions	839		986	
Motor Expenses	23,915		21,310	
Directors' Remuneration - Sales	46,556		52,943	
Lease of Motor Vehicles	29,801		21,213	
Depreciation - Motor Vehicles - Sales	-		2,960	
Loss on Sale of Motor Vehicles	2,298		5,322	
Gain on Sale of Plant	-		(17,000)	
Gain on Sale of Investment	-		(70,236)	
Bad Debts written off	870		1,957	
Audit and Accountancy	5,043		5,440	
H.P. Interest	67,938		42,569	
Compensation for loss of office	12,000		20,808	
		624,797		423,630
Net Trading Loss for the year		(35,891)		(146,923)
Investment Income	-		105	
Interest Received	-		2,046	
Exceptional Item - Gain on Sale of Building	267,271			
		267,271		2,151
Net Profit/(Loss) for the year		**231,380**		**(144,772)**