

Gilmour and Dean Limited

**Directors' report and financial
statements**

Registered number 24552

31 March 2000

IAM



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Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2000.

Principal activity

The principal activity of the company is the printing of high quality labels.

Business review

The results for the financial year are set out in the profit and loss account on page 4.

The turnover for the financial year was £4,608,970 (1999: £4,173,536). The profit after tax for the year was £162,404 (1999: loss of £98,787).

The directors recommend that a final dividend of £24,333 (1999: £nil) be paid in addition to the interim dividend of £19,550 (1999: £19,550) and that the balance of the profit and loss account be transferred to reserves.

Post year end event

Agreement was reached in June 2000 by The Company to acquire the interest in the property at Clydeholm Road, Glasgow, and substantially all of the plant and equipment contained therein, formerly occupied by Jarvis Porter Group PLC.

Directors and directors' interests

The directors who held office during the year were as follows:

WB Marnoch
K Macdonald
IN McKinlay
RC Anderson
BJ Whitehorn
AG Rees

The interests of the directors of the company at the end of the year are shown in the accounts of the holding company, Unicorn Graphics Limited.

Year 2000

The directors were aware of the threat that the Year 2000 posed and appropriate steps were taken to ensure that the company's computers and systems were compliant. Costs in respect of this issue were not material.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

IN McKinlay
Secretary



Bothwell Road
Hamilton
Lanarkshire
ML3 0DT

30 June 2000

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 group and of the profit or loss 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



24 Blythswood Square
Glasgow
G2 4QS
United Kingdom

Report of the auditors to the members of Gilmour and Dean Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.

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 as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'KPMG'.

KPMG
Chartered Accountants
Registered Auditors

21st Jan, 2000

Profit and loss account
for the year ended 31 March 2000

	<i>Note</i>	2000 £	1999 £
Turnover	2	4,608,970	4,173,536
Cost of sales		(3,135,645)	(3,031,718)
Gross profit		1,473,325	1,141,818
Administrative expenses		(1,238,829)	(1,176,763)
Other operating income		29,743	43,529
Operating profit		264,239	8,584
Interest	5	(92,060)	(107,866)
Profit/(loss) on ordinary activities before taxation	3	172,179	(99,282)
Tax on loss on ordinary activities	6	(9,775)	495
Profit/(loss) on ordinary activities after taxation		162,404	(98,787)
Dividends paid and proposed	7	(43,883)	(19,550)
Transfer to/(from) reserves for the year		118,521	(118,337)
Retained profit brought forward		814,973	933,310
Retained profit carried forward		933,494	814,973

Statement of total recognised gains and losses

There are no recognised gains or losses other than those reflected above.

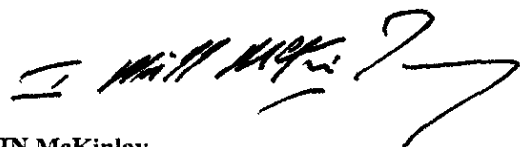
Balance sheet
at 31 March 2000

	Note	£	2000	£	£	1999	£
Fixed assets							
Tangible assets	8		1,282,192			1,478,227	
Current assets							
Stocks	9	656,613			469,860		
Debtors	10	873,920			649,897		
Cash at bank and in hand		26,056			15,270		
			<u>1,556,589</u>		<u>1,135,027</u>		
Creditors: amounts falling due within one year	11	(1,524,732)			(1,212,298)		
Net current assets/(liabilities)			<u>31,857</u>		<u>(77,271)</u>		
Total assets less current liabilities			<u>1,314,049</u>		<u>1,400,956</u>		
Creditors: amounts falling due after more than one year	12		(211,886)		(386,638)		
Provisions for liabilities and charges	13		(44,664)		(44,664)		
Deferred income	14		(24,005)		(54,681)		
			<u>1,033,494</u>		<u>914,973</u>		
Capital and reserves							
Called up share capital	15		100,000		100,000		
Profit and loss account			933,494		814,973		
Shareholders' funds: equity interests	16		<u>1,033,494</u>		<u>914,973</u>		

These financial statements were approved by the board of directors on 30 June 2000 and were signed on its behalf by:



K Macdonald
Director



IN McKinlay
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

Turnover represents amounts invoiced to customers, including group companies, excluding value added tax.

Fixed assets and depreciation

Fixed assets are stated at cost less aggregate depreciation.

Depreciation is provided by the company at rates appropriate to write off the cost of individual assets from the time they become operational by equal annual instalments over their estimated useful lives which are principally as follows:

Freehold buildings	-	50 years
Plant, equipment and motor vehicles	-	4 to 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost which includes an appropriate proportion of attributable overheads. The cost of raw materials and consumables is determined on the 'first in, first out' basis.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Leases and similar hire purchase contracts

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease. Future instalments under such leases, net of finance charges, are included within creditors.

Notes (continued)

Accounting policies (continued)

Leases and similar hire purchase contracts (continued)

Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Hire purchase contracts are dealt with in a similar manner as finance leases.

Pension costs

The cost of providing pension benefits is charged to the profit and loss account on the basis of contributions due during the year.

Grants

Government grants relating to expenditure on fixed assets are taken to income over the expected useful economic lives of the related assets. Revenue grants are credited to the profit and loss account in the financial year in which they are received.

2 Turnover

Turnover arises on sales to the United Kingdom and the European Union.

3 Profit/(loss) on ordinary activities before taxation

	2000 £	1999 £
<i>Profit/(loss) on ordinary activities is stated after charging/(crediting)</i>		
Depreciation	267,882	342,005
Auditors' remuneration: audit services	6,794	6,550
Operating lease rentals - motor vehicles	40,332	38,686
Loss/(profit) on sale of fixed assets	932	(2,769)
Grant income	(30,676)	(40,760)
Hire of plant and machinery	4,444	2,915

Notes *(continued)*

4 Employees and directors

	2000 £	1999 £
Staff costs:		
Wages and salaries	1,920,022	1,705,932
Social security costs	182,107	161,856
Other pension costs	62,682	60,982
	<u>2,164,811</u>	<u>1,928,770</u>
	2000	1999
Average number of employees split:		
Direct factory staff	63	62
Other administrative staff	30	31
	<u>93</u>	<u>93</u>

Remuneration of directors

	2000 £	1999 £
Emoluments	280,181	256,973
Other benefits	36,497	34,542
	<u>316,678</u>	<u>291,515</u>
Company contribution to pension scheme	19,344	18,343
	<u>336,022</u>	<u>309,858</u>

The emoluments of the highest paid director during the year amounted to £75,490 (1999: £68,862) and company pension contributions of £5,204 (1999: £4,975) were made to a pension scheme on his behalf.

In addition to the foregoing the group paid a management fee of £12,811 (1999: £12,397), in respect of the services of the chairman, to WBM Associates.

Notes *(continued)*

5 Interest

	2000 £	1999 £
<i>Interest payable</i>		
Bank overdraft and other loans wholly repayable within five years	24,773	17,843
Interest on finance leases and similar HP agreements	37,426	38,480
Group interest on long term loans	29,861	51,543
	<u>92,060</u>	<u>107,866</u>

6 Taxation

	2000 £	1999 £
UK corporation tax at 20% (1999: 23%)	9,775	-
Deferred taxation	-	(11,444)
Adjustments in respect of prior periods	-	10,949
	<u>9,775</u>	<u>(495)</u>

7 Dividends

	2000 £	1999 £
Interim	19,550	19,550
Final proposed	24,333	-
	<u>43,883</u>	<u>19,550</u>

Notes (continued)

8 Tangible assets

	Freehold property £	Plant and equipment £	Other equipment £	Vehicles £	Total £
Cost					
At beginning of year	265,000	3,340,602	234,345	129,136	3,969,083
Additions	-	12,959	63,357	-	76,316
Disposals	-	(7,382)	(74,839)	(18,400)	(100,621)
At end of year	265,000	3,346,179	222,863	110,736	3,944,778
Depreciation					
At beginning of year	63,592	2,114,227	210,732	102,305	2,490,856
Disposals	-	(5,482)	(72,270)	(18,400)	(96,152)
Charge for year	5,300	222,398	23,292	16,892	267,882
At end of year	68,892	2,331,143	161,754	100,797	2,662,586
Net book value					
At 31 March 2000	196,108	1,015,036	61,109	9,939	1,282,192
At 31 March 1999	201,408	1,226,375	23,613	26,831	1,478,227

Included in the net book value of vehicles is £9,939 (1999: £21,292) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £11,353 (1999: £11,353).

Included within the net book value of plant and machinery is £598,275 (1999: £680,325) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £82,050 (1999: £82,050).

9 Stocks

	2000 £	1999 £
Raw materials	56,254	41,288
Work in progress	71,047	58,343
Finished goods	529,312	370,229
	<u>656,613</u>	<u>469,860</u>

Notes *(continued)*

10 Debtors

	2000 £	1999 £
Trade debtors	824,231	613,761
Other debtors	910	5,931
Prepayments and accrued income	48,779	29,475
Corporation tax	-	730
	<u>873,920</u>	<u>649,897</u>

11 Creditors: amounts due within one year

	2000 £	1999 £
Corporation tax	10,066	-
Bank overdraft (secured)	196,276	131,143
Trade creditors	462,385	278,156
Amounts owed to parent undertaking	146,198	148,141
Social security and other taxation	118,687	125,834
Other creditors	506,168	461,554
Accruals	84,952	67,470
	<u>1,524,732</u>	<u>1,212,298</u>

The overdraft is secured by a Standard Security over the land and buildings at 11 Bothwell Road, Hamilton and a Bond and Floating Charge over the assets of the company.

12 Creditors: amounts due after more than one year

	2000 £	1999 £
Other creditors	<u>211,886</u>	<u>386,638</u>

Notes (continued)

Creditors: amounts due after more than one year (continued)

The maturity of net obligations under finance leases and similar hire purchase contracts is as follows:

	2000 £	1999 £
Within one year	182,060	179,563
In the second to fifth years	211,886	386,638
	<u>393,946</u>	<u>566,201</u>

Amounts due under finance leases and similar hire purchase contracts are secured on certain vehicles and plant and equipment.

13 Provisions for liabilities and charges

Deferred tax

Deferred taxation at 20% (1999: 30%) is as follows:

	Full potential liability		Amount provided	
	2000 £	1999 £	2000 £	1999 £
Capital allowances	230,000	260,000	49,000	90,000
Other timing differences	-	(10,000)	-	(10,000)
ACT	(4,336)	(35,336)	(4,336)	(35,336)
	<u>225,664</u>	<u>214,664</u>	<u>44,664</u>	<u>44,664</u>

14 Accruals and deferred income

	2000 £	1999 £
Government grants:		
At beginning of year	54,681	95,441
Received during year	-	-
Released to profit and loss	(30,676)	(40,760)
At end of year	<u>24,005</u>	<u>54,681</u>

Notes *(continued)*

15 Called up share capital

	2000 £	1999 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100,000	100,000

16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit/(loss) for the financial year	162,404	(98,787)
Dividends	(43,883)	(19,550)
Net increase/(reduction) to shareholders' funds	118,521	(118,337)
Opening shareholders' funds	914,973	1,033,310
Closing shareholders' funds	1,033,494	914,973

17 Pension commitments

The company operates a defined contribution 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 fund and amounted to £62,682 (1999: £60,982). There were no contributions payable (1999: £Nil) to the fund at the year end.

18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2000 £	1999 £
Other operating leases which expire:		
Within one year	4,415	4,087
In the second to fifth years inclusive	29,056	16,885
	33,471	20,972

Notes *(continued)*

19 Ultimate parent company

The ultimate parent undertaking at the balance sheet date was Unicorn Graphics Limited, a company registered in Scotland. Copies of group accounts can be obtained by writing to:

The Secretary
Unicorn Graphics Limited
Bothwell Road
Hamilton
Lanarkshire
ML3 0DT

20 Cash flow statement

The company is exempt under Financial Reporting Standard (FRS 1) from preparing a cash flow statement as it is a wholly owned subsidiary of a company which prepares a cashflow.

21 Contingencies

Letters of guarantee exist between Gilmour & Dean Limited and its holding company Unicorn Graphics Limited in respect of bank and other borrowings of £335,020 (1999: £384,478).

22 Post year end event

Agreement was reached in June 2000 by The Company to acquire the interest in the property at Clydeholm Road, Glasgow, and substantially all of the plant and equipment contained therein, formerly occupied by Jarvis Porter Group PLC.

Directors and advisers

Directors

WB Marnoch (Chairman)
K Macdonald
IN McKinlay
RC Anderson
BJ Whitehorn
AG Rees

Secretary and registered office

IN McKinlay
Bothwell Road
Hamilton
Lanarkshire
ML3 0DT

Auditors

KPMG
24 Blythswood Square
Glasgow
G2 4QS

Bankers

Bank of Scotland
Glasgow Chief Office
110 St Vincent Street
Glasgow
G2 5EJ

Company number

24552