

Gilmour and Dean Limited

**Directors' report and financial
statements**

Registered number 24552

31 March 2001

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SCT SSTPR6SR 0959
COMPANIES HOUSE 21/12/01

Directors and advisers

Directors

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

Secretary and registered office

IN McKinlay
24 Clydeholm Road
Clydeside Industrial Estate
Glasgow
G14 0AU

Auditors

KPMG
24 Blythswood Square
Glasgow
G2 4QS

Bankers

Bank of Scotland
Glasgow Chief Office
11 Renfield Street
Glasgow
G2 5EZ

Company number

24552

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Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2001.

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 £7,558,056 (2000: £4,608,970). The profit after tax for the year was £198,228 (2000: £162,404).

The directors recommend that no final dividend should be paid (2000: £24,333) in addition to the interim dividend of £19,550 (2000: £19,550) and that the balance of the profit and loss account be transferred to reserves.

Directors and directors' interests

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

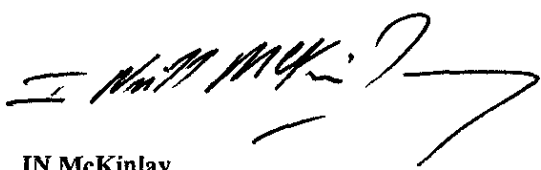
WB Marnoch
K Macdonald
IN McKinlay
RC Anderson
BJ Whitehorn
AG Rees
A Cairns (appointed 1 January 2001)

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.

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

24 Clydeholm Road
Clydeside Industrial Estate
Glasgow
G14 0AU

27 July 2001

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 15.

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

1st August, 2001

Profit and loss account
for the year ended 31 March 2001

	<i>Note</i>	2001 £	2000 £
Turnover	2	7,558,056	4,608,970
Cost of sales		(5,805,200)	(3,135,645)
Gross profit		1,752,856	1,473,325
Administrative expenses		(1,785,825)	(1,238,829)
Other operating income		420,891	29,743
Operating profit		387,922	264,239
Interest	5	(224,760)	(92,060)
Profit on ordinary activities before taxation	3	163,162	172,179
Tax on profit on ordinary activities	6	35,066	(9,775)
Profit on ordinary activities after taxation		198,228	162,404
Dividends paid and proposed	7	(19,550)	(43,883)
Transfer to reserves for the year		178,678	118,521
Retained profit brought forward		933,494	814,973
Retained profit carried forward		1,112,172	933,494

Statement of total recognised gains and losses

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

Balance sheet
at 31 March 2001

	Note	£	2001	£	£	2000	£
Fixed assets							
Tangible assets	8		2,455,380			1,282,192	
Current assets							
Stocks	9	1,189,143		656,613			
Debtors	10	1,871,565		873,920			
Cash at bank and in hand		31,134		26,056			
		3,091,842		1,556,589			
Creditors: amounts falling due within one year	11	(2,920,200)		(1,524,732)			
Net current assets			171,642			31,857	
Total assets less current liabilities			2,627,022			1,314,049	
Creditors: amounts falling due after more than one year	12		(1,395,186)			(211,886)	
Provisions for liabilities and charges	13		(19,664)			(44,664)	
Deferred income	14		-			(24,005)	
			1,212,172			1,033,494	
Capital and reserves							
Called up share capital	15	100,000				100,000	
Profit and loss account		1,112,172				933,494	
Shareholders' funds: equity interests	16		1,212,172			1,033,494	

These financial statements were approved by the board of directors on 27 July 2001 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 on ordinary activities before taxation

	2001 £	2000 £
<i>Profit on ordinary activities is stated after charging/(crediting)</i>		
Depreciation	434,548	267,882
Auditors' remuneration: audit services	6,846	6,794
Operating lease rentals - motor vehicles	43,593	40,332
(Profit)/loss on sale of fixed assets	(477,471)	932
Grant income	(24,005)	(30,676)
Hire of plant and machinery	3,455	4,444

Notes *(continued)*

4 Employees and directors

	2001 £	2000 £
Staff costs:		
Wages and salaries	3,089,575	1,920,022
Social security costs	211,103	182,107
Other pension costs	72,623	62,682
	<u>3,373,301</u>	<u>2,164,811</u>

	2001	2000
Average number of employees split:		
Direct factory staff	84	63
Other administrative staff	42	30
	<u>126</u>	<u>93</u>

Remuneration of directors

	2001 £	2000 £
Emoluments	336,951	280,181
Other benefits	37,084	36,497
	<u>374,035</u>	<u>316,678</u>
Company contribution to pension scheme	19,712	19,344
	<u>393,747</u>	<u>336,022</u>

The emoluments of the highest paid director during the year amounted to £84,824 (2000: £75,490) and company pension contributions of £5,123 (2000: £5,204) were made to a pension scheme on his behalf.

In addition to the foregoing the group paid a management fee of £13,368 (2000: £12,811), in respect of the services of the chairman, to WBM Associates.

Notes (continued)

5 Interest

	2001 £	2000 £
<i>Interest payable</i>		
Bank overdraft and other loans wholly repayable within five years	58,841	24,773
Bank loans wholly repayable within ten years	34,907	-
Interest on finance leases and similar HP agreements	95,223	37,426
Group interest on long term loans	28,389	29,861
Other interest	7,400	-
	<u>224,760</u>	<u>92,060</u>

6 Taxation

	2001 £	2000 £
UK corporation tax at 20% (2000: 20%)	(4,796)	9,775
Deferred taxation	(25,000)	-
Adjustments in respect of prior periods	(5,270)	-
	<u>(35,066)</u>	<u>9,775</u>

7 Dividends

	2001 £	2000 £
Interim	19,550	19,550
Final proposed	-	24,333
	<u>19,550</u>	<u>43,883</u>

Notes (continued)

8 Tangible assets

	Freehold property £	Plant and equipment £	Other equipment £	Vehicles £	Total £
<i>Cost</i>					
At beginning of year	265,000	3,346,179	222,863	110,736	3,944,778
Additions	724,846	1,209,629	61,455	51,838	2,047,768
Disposals	(265,000)	(1,107,669)	(19,666)	(41,739)	(1,434,074)
At end of year	724,846	3,448,139	264,652	120,835	4,558,472
<i>Depreciation</i>					
At beginning of year	68,892	2,331,143	161,754	100,797	2,662,586
Disposals	(73,751)	(865,734)	(17,082)	(37,475)	(994,042)
Charge for year	16,574	375,250	29,841	12,883	434,548
At end of year	11,715	1,840,659	174,513	76,205	2,103,092
<i>Net book value</i>					
At 31 March 2001	713,131	1,607,480	90,139	44,630	2,455,380
At 31 March 2000	196,108	1,015,036	61,109	9,939	1,282,192

Included in the net book value of vehicles is £44,630 (2000: £9,939) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £12,883 (2000: £11,353).

Included within the net book value of plant and machinery is £1,375,919 (2000: £598,275) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £222,356 (2000: £82,050).

9 Stocks

	2001 £	2000 £
Raw materials	110,451	56,254
Work in progress	234,046	71,047
Finished goods	844,646	529,312
	1,189,143	656,613

Notes *(continued)*

10 Debtors

	2001 £	2000 £
Trade debtors	1,281,596	824,231
Other debtors	545,482	910
Prepayments and accrued income	39,691	48,779
Corporation tax	4,796	-
	<u>1,871,565</u>	<u>873,920</u>

11 Creditors: amounts due within one year

	2001 £	2000 £
Bank loan (note 12)	66,672	-
Pension scheme loan	45,000	-
Corporation tax	-	10,066
Bank overdraft (secured)	551,034	196,276
Trade creditors	677,495	462,385
Amounts owed to parent undertaking	257,790	146,198
Social security and other taxation	213,447	118,687
Other creditors	825,613	506,168
Accruals	283,149	84,952
	<u>2,920,200</u>	<u>1,524,732</u>

The bank loan overdraft is secured by a Standard Security over the land and buildings at 24 Clydeholm Road, Glasgow and a Bond and Floating Charge over the assets of the company. Interest is charged on the loan at 2% over the bank's base rate.

Notes (continued)

12 Creditors: amounts due after more than one year

	2001 £	2000 £
Finance leases and similar hire purchase contracts	786,858	211,886
Bank loan	533,328	-
Pension scheme loan	75,000	-
	<u>1,395,186</u>	<u>211,886</u>

The maturity of the loan debt can be analysed as follows:

	2001 £	2000 £
Within 1 year	111,672	-
Between one and two years	96,672	-
Between two and five years	245,016	-
Over five years	266,640	-
	<u>720,000</u>	<u>-</u>

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

	2001 £	2000 £
Within one year	277,100	182,060
In the second to fifth years	786,858	211,886
	<u>1,063,958</u>	<u>393,946</u>

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

Notes (continued)

13 Provisions for liabilities and charges

Deferred tax

Deferred taxation at 20% (2000: 20%) is as follows:

	Full potential liability		Amount provided	
	2001 £	2000 £	2001 £	2000 £
Capital allowances	240,000	230,000	24,000	49,000
Other timing differences	-	-	-	-
ACT	(4,336)	(4,336)	(4,336)	(4,336)
	<u>235,664</u>	<u>225,664</u>	<u>19,664</u>	<u>44,664</u>

14 Accruals and deferred income

	2001 £	2000 £
Government grants:		
At beginning of year	24,005	54,681
Received during year	-	-
Released to profit and loss	(24,005)	(30,676)
At end of year	<u>-</u>	<u>24,005</u>

15 Called up share capital

	2001 £	2000 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Notes (continued)

16 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial year	198,228	162,404
Dividends	(19,550)	(43,883)
Net increase to shareholders' funds	178,678	118,521
Opening shareholders' funds	1,033,494	914,973
Closing shareholders' funds	1,212,172	1,033,494

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 £72,623 (2000: £62,682). There were no contributions payable (2000: £Nil) to the fund at the year end.

18 Commitments

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

	2001 £	2000 £
Other operating leases which expire:		
Within one year	5,165	4,415
In the second to fifth years inclusive	29,660	29,056
	34,825	33,471

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
 24 Clydeholm Road
 Clydeside Industrial Estate
 Glasgow
 G14 0AU

Notes *(continued)*

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 £459,149 (2000: £335,020).