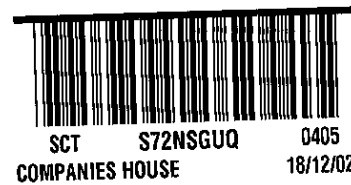


Gilmour and Dean Limited

**Directors' report and financial
statements**

Registered number 24552

31 March 2002



Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditor's to the members of Gilmour and Dean Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors and advisers

Directors

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

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

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2002.

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 directors recommend that no final dividend should be paid (2001: £Nil). An interim dividend of £79,550 (2001: £19,550) was paid during the year.

Directors and directors' interests

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

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

The interests of the directors of the company at the end of the year who are also directors of the holding company are shown in the accounts of the holding company, Unicorn Graphics Limited. The interests of other directors in the shares of the holding company are as follows:

Ordinary shares of £1 each at beginning and end of period

RC Anderson	15,000
AG Rees	5,438
BJ Whitehorn	21,520

Auditors

KPMG were re-appointed auditors during the year. However, since that date their audit practice was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 7 June 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising.

By order of the board



IN McKinlay
Secretary

24 Clydeholm Road
Clydeside Industrial Estate
Glasgow
G14 0AU

26 July 2002

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 independent auditor's 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 1985. 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

KPMG LLP
Chartered Accountants
Registered Auditor

1 August 2002

Profit and loss account
for the year ended 31 March 2002

	<i>Note</i>	2002 £	Restated 2001 £
Turnover	2	7,585,077	7,558,056
Cost of sales		(5,507,506)	(5,805,200)
Gross profit		2,077,571	1,752,856
Administrative expenses		(1,864,856)	(1,785,825)
Other operating income		(8,220)	420,891
Operating profit		204,495	387,922
Interest	5	(243,039)	(224,760)
(Loss)/profit on ordinary activities before taxation	3	(38,544)	163,162
Tax on (loss)/profit on ordinary activities	6	4,000	29,066
(Loss)/profit on ordinary activities after taxation		(34,544)	192,228
Dividends paid and proposed	7	(79,550)	(19,550)
Transfer (from)/to reserves for the year		(114,094)	172,678

Other than the prior year adjustment in respect of deferred tax of £58,336 (see note 13) the company had no gains or losses in either year other than the result reported above.

Balance sheet
at 31 March 2002

	Note	£	2002	£	Restated 2001	£
Fixed assets						
Tangible assets	8		2,191,949		2,455,380	
Current assets						
Stocks	9	1,095,078		1,189,143		
Debtors	10	1,118,292		1,871,565		
Cash at bank and in hand		25,454		31,134		
			2,238,824		3,091,842	
Creditors: amounts falling due within one year	11	(2,186,787)		(2,920,200)		
Net current assets			52,037		171,642	
Total assets less current liabilities			2,243,986		2,627,022	
Creditors: amounts falling due after more than one year	12		(1,130,244)		(1,395,186)	
Provisions for liabilities and charges	13		(74,000)		(78,000)	
			1,039,742		1,153,836	
Capital and reserves						
Called up share capital	14		100,000		100,000	
Profit and loss account			939,742		1,053,836	
Shareholders' funds: equity interests	15		1,039,742		1,153,836	

These financial statements were approved by the board of directors on 26 July 2002 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	-	40 to 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.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. On adoption of FRS 19 a prior year adjustment has arisen as set out in note 13.

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 (Loss)/profit on ordinary activities before taxation

	2002 £	2001 £
<i>(Loss)/profit on ordinary activities is stated after charging/(crediting)</i>		
Depreciation	410,748	434,548
Auditors' remuneration: audit services	6,830	6,846
Operating lease rentals - motor vehicles	41,014	43,593
Profit on sale of fixed assets	(66,924)	(477,471)
Grant income	-	(24,005)
Hire of plant and machinery	3,496	3,455
Redundancy costs	61,282	-

Notes *(continued)*

4 Employees and directors

	2002 £	2001 £
Staff costs:		
Wages and salaries	3,012,076	3,089,575
Social security costs	286,963	211,103
Other pension costs	91,129	72,623
	3,390,168	3,373,301

	2002	2001
Average number of employees split:		
Direct factory staff	86	84
Other administrative staff	45	42
	131	126

Remuneration of directors

	2002 £	2001 £
Emoluments	355,163	336,951
Other benefits	39,853	37,084
	395,016	374,035
Company contribution to pension scheme	24,210	19,712
	419,226	393,747

The emoluments of the highest paid director during the year amounted to £76,565 (2001: £84,824) and company pension contributions of £5,424 (2001: £5,123) were made to a pension scheme on his behalf.

In addition to the foregoing the group paid a management fee of £14,034 (2001: £13,368), in respect of the services of WB Marnoch, to WBM Associates.

Notes (continued)

5 Interest

	2002 £	2001 £
<i>Interest payable</i>		
Bank overdraft and other loans wholly repayable within five years	63,062	58,841
Bank loans wholly repayable within ten years	40,533	34,907
Interest on finance leases and similar HP agreements	108,356	95,223
Group interest on long term loans	22,615	28,389
Other interest	8,626	7,400
Interest receivable	(153)	-
	<u>243,039</u>	<u>224,760</u>

6 Taxation

	2002 £	2001 £ (Restated)
Adjustments in respect of prior periods – corporation tax	-	(10,066)
Deferred taxation	(4,000)	(19,000)
	<u>(4,000)</u>	<u>(29,066)</u>

The taxation credit in the current and prior year has been impacted by the implementation of FRS 19- Deferred tax. The corporation tax assessed for the year is different from the rate of corporation tax applicable to the company. The differences are explained below:

	2002 £	2001 £
(Loss)/profit on ordinary activities before tax	(38,544)	163,162
(Loss)/profit on ordinary activities multiplied by the corporation tax rate of 20% (2001: 20%)	(7,709)	32,632
Effects of:		
Capital allowances excess/(shortfall) over depreciation	19,916	(39,043)
Movement in general provisions	(2,400)	2,400
Expenses potentially not allowable for tax	3,157	2,214
Untaxed income/relieved gains	(13,384)	(65,509)
Losses created in year	420	67,306
Prior year overprovision	-	(10,066)
Corporation tax credit	<u>-</u>	<u>(10,066)</u>

Notes (continued)

7 Dividends

	2002 £	2001 £
Interim	79,550	19,550

8 Tangible assets

	Freehold property £	Plant and equipment £	Other equipment £	Vehicles £	Total £
Cost					
At beginning of year	724,846	3,448,139	264,652	120,835	4,558,472
Additions	10,916	28,481	72,211	35,745	147,353
Disposals	-	(1,711)	(21,769)	(4,600)	(28,080)
At end of year	735,762	3,474,909	315,094	151,980	4,677,745
Depreciation					
At beginning of year	11,715	1,840,659	174,513	76,205	2,103,092
Disposals	-	(1,711)	(21,733)	(4,600)	(28,044)
Charge for year	15,758	338,396	41,252	15,342	410,748
At end of year	27,473	2,177,344	194,032	86,947	2,485,796
Net book value					
At 31 March 2002	708,289	1,297,565	121,062	65,033	2,191,949
At 31 March 2001	713,131	1,607,480	90,139	44,630	2,455,380

Included in the net book value of vehicles is £53,844 (2001: £44,630) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £13,431 (2001: £12,883).

Included within the net book value of plant and machinery is £1,096,169 (2001: £1,375,919) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £263,625 (2001: £222,356).

Included within the net book value of other equipment is £26,661 (2001: £33,677) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £7,016.

Notes *(continued)*

9 Stocks

	2002 £	2001 £
Raw materials	116,309	110,451
Work in progress	209,843	234,046
Finished goods	768,926	844,646
	<u>1,095,078</u>	<u>1,189,143</u>

10 Debtors

	2002 £	2001 £
Trade debtors	1,035,172	1,281,596
Other debtors	7	545,482
Prepayments and accrued income	60,853	39,691
Corporation tax	4,796	4,796
Amounts owed by parent undertaking	17,464	-
	<u>1,118,292</u>	<u>1,871,565</u>

11 Creditors: amounts due within one year

	2002 £	2001 £
Bank loan (note 12)	52,896	66,672
Pension scheme loan	40,000	45,000
Bank overdraft (secured)	423,532	551,034
Invoice discounting	533,625	516,706
Trade creditors	600,372	677,495
Finance leases and similar hire purchase contracts	215,220	277,099
Amounts owed to parent undertaking	-	257,790
Social security and other taxation	132,948	213,447
Other creditors	25,056	31,808
Accruals	163,138	283,149
	<u>2,186,787</u>	<u>2,920,200</u>

The bank loan and 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 and its parent undertaking. 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

	2002 £	2001 £
Finance leases and similar hire purchase contracts	590,080	786,858
Bank loan (secured, note 11)	530,164	533,328
Pension scheme loan	10,000	75,000
	1,130,244	1,395,186

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

	2002 £	2001 £
Within 1 year	92,896	111,672
Between one and two years	66,159	96,672
Between two and five years	184,373	245,016
Over five years	289,632	266,640
	633,060	720,000

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

	2002 £	2001 £
Within one year	215,220	277,100
In the second to fifth years	590,080	786,858
	805,300	1,063,958

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 19% (2001: 19%) is as follows:

	£
Balance brought forward at 31 March 2000:	
As previously reported	44,664
Prior year adjustment	52,336
As restated	97,000
Release for year ended 31 March 2001	(19,000)
Balance at 31 March 2001 as restated	78,000
Release for year ended 31 March 2002	(4,000)
Balance at 31 March 2002	74,000

The prior year adjustment is as a consequence of the adoption of Financial Reporting Standard 19 – Deferred tax. The adjustment has resulted in an increase in the deferred tax liability at 31 March 2001 of £58,336 and a decrease in the tax credit in respect of the year then ended of £6,000.

The main components of deferred tax at 19% (2001: 19%) are:

	2002 £	2001 £
Accelerated capital allowances	139,000	145,000
Trading losses	(59,000)	(59,000)
Other	(6,000)	(8,000)
	74,000	78,000

14 Called up share capital

	2002 £	2001 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100,000	100,000

Notes (continued)

15 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
(Loss)/profit for the financial year	(34,544)	192,228
Dividends	(79,550)	(19,550)
Net (depletion)/increase to shareholders' funds	(114,094)	172,678
Opening shareholders' funds as previously stated	1,212,172	1,033,494
Prior year adjustment	(58,336)	(52,336)
Closing shareholders' funds	1,039,742	1,153,836

16 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 £91,129 (2001: £72,623). There were no contributions payable (2001: £Nil) to the fund at the year end.

17 Commitments

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

	2002 £	2001 £
Other operating leases which expire:		
Within one year	3,356	5,165
In the second to fifth years inclusive	26,462	29,660
	29,818	34,825

18 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)*

19 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.

20 Contingencies

Letters of guarantee exist between Gilmour & Dean Limited and its holding company Unicorn Graphics Limited in respect of bank and other borrowings of £194,825 (2001: £459,149).