

Gilmour and Dean Limited

Directors' report and financial statements

Registered number SC24552

30 November 2002



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 LLP
24 Blythswood Square
Glasgow
G2 4QS

Bankers

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

Company number

SC24552

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Directors' report

The directors present their annual report and audited financial statements for the eight month period ended 30 November 2002.

Principal activity

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

Business review

The results for the financial period are set out in the profit and loss account on page 4. During the period the company changed its accounting reference date from 31 March to 30 November.

An interim dividend of £66,372 (31 March 2002: £79,550) was paid during the period. The directors propose a final dividend of £137,934 (31 March 2002: £nil).

Directors and directors' interests

The directors who held office during the period and their interests in the ordinary share capital of the company were as follows:

	Ordinary shares of £1 each at beginning and end of period
K Macdonald (Chairman)	2
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 period 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

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP 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

28 March 2003

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.



KPMG LLP

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.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 30 November 2002 and of its profit for the eight month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

8 April 2003

Profit and loss account

for the eight month period ended 30 November 2002 (comparative period the 12 months ended 31 March 2002)

	Note	30 November 2002 £	31 March 2002 £
Turnover	2	5,409,037	7,585,077
Cost of sales		(3,356,511)	(5,507,506)
Gross profit		<u>2,052,526</u>	<u>2,077,571</u>
Administrative expenses		(1,365,584)	(1,864,856)
Other operating income		3,306	(8,220)
Operating profit		<u>690,248</u>	<u>204,495</u>
Interest	5	(116,249)	(243,039)
Profit/(loss) on ordinary activities before taxation	3	<u>573,999</u>	<u>(38,544)</u>
Tax on profit/(loss) on ordinary activities	6	(172,460)	4,000
Profit/(loss) on ordinary activities after taxation		<u>401,539</u>	<u>(34,544)</u>
Dividends paid and proposed	7	(204,306)	(79,550)
Transfer to/(from) reserves for the period/year		<u>197,233</u>	<u>(114,094)</u>

Statement of total recognised gains and losses

for the eight month period ended 30 November 2002

	30 November 2002 £000	31 March 2002 £000
Profit/(loss) for the financial period/year	197,233	(114,094)
Unrealised surplus on revaluation of properties (Note 8)	161,711	-
Prior year adjustment – FRS 19	-	(58,336)
Total recognised gains and losses relating to the financial period/year	<u>358,944</u>	<u>(172,430)</u>

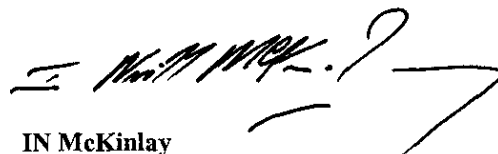
Balance sheet
at 30 November 2002

	<i>Note</i>	30 November 2002		31 March 2002	
		£	£	£	£
Fixed assets					
Tangible assets	8		2,169,356		2,191,949
Current assets					
Stocks	9	879,845		1,095,078	
Debtors	10	1,593,672		1,118,292	
Cash at bank and in hand		46,782		25,454	
		<u>2,520,299</u>		<u>2,238,824</u>	
Creditors: amounts falling due within one year	11	<u>(2,165,435)</u>		<u>(2,186,787)</u>	
Net current assets			354,864		52,037
Total assets less current liabilities			<u>2,524,220</u>		<u>2,243,986</u>
Creditors: amounts falling due after more than one year	12		(989,534)		(1,130,244)
Provisions for liabilities and charges	13		(136,000)		(74,000)
			<u>1,398,686</u>		<u>1,039,742</u>
Capital and reserves					
Called up share capital	14		100,000		100,000
Revaluation reserve	16		161,711		-
Profit and loss account	16		1,136,975		939,742
Shareholders' funds: equity interests	15		<u>1,398,686</u>		<u>1,039,742</u>

These financial statements were approved by the board of directors on 28 March 2003 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, modified to include the revaluation of land and buildings.

Turnover

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

Fixed assets and depreciation

Fixed assets are stated at cost or valuation less aggregate depreciation. During the period the Company has adopted a policy of revaluation of its land and buildings. This valuation has been performed in accordance with Financial Reporting Standard 15: Tangible Fixed Assets.

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:

Long leasehold property	-	40 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.

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 period.

2 Turnover

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

3 Profit/(loss) on ordinary activities before taxation

	8 months ended 30 Nov 2002 £	12 months ended 31 March 2002 £
<i>Profit/(loss) on ordinary activities is stated after charging/(crediting)</i>		
Depreciation	289,065	410,748
Auditors' remuneration: audit services	5,630	6,830
Operating lease rentals - motor vehicles	27,768	41,014
Profit on sale of fixed assets	(5,680)	(66,924)
Hire of plant and machinery	-	3,496
Redundancy costs	-	61,282

Notes (continued)

4 Employees and directors

	8 months ended 30 Nov 2002 £	12 months ended 31 March 2002 £
Staff costs:		
Wages and salaries	1,962,947	3,012,076
Social security costs	175,659	286,963
Other pension costs	63,180	91,129
	<u>2,201,786</u>	<u>3,390,168</u>
Average number of employees split:		
Direct factory staff	70	86
Other administrative staff	40	45
	<u>110</u>	<u>131</u>

Remuneration of directors

	8 months ended 30 Nov 2002 £	12 months ended 31 March 2002 £
Emoluments	352,046	355,163
Other benefits	21,387	39,853
	<u>373,433</u>	<u>395,016</u>
Company contribution to pension scheme	17,981	24,210
	<u>391,414</u>	<u>419,226</u>

The emoluments of the highest paid director during the year amounted to £80,132 (31 March 2002: £86,399) and company pension contributions of £4,483 (31 March 2002: £5,424) were made to a pension scheme on his behalf.

In addition to the foregoing the group paid a management fee of £9,653 (31 March 2002: £14,034), in respect of the services of WB Marnoch, to WBM Associates.

Notes (continued)

5 Interest

	8 months ended 30 Nov 2002 £	12 months ended 31 March 2002 £
<i>Interest payable</i>		
Bank overdraft and other loans wholly repayable within five years	29,466	63,062
Bank loans wholly repayable within ten years	22,716	40,533
Interest on finance leases and similar HP agreements	56,312	108,356
Group interest on long term loans	5,932	22,615
Other interest	2,021	8,626
<i>Interest receivable</i>		
Bank interest	(198)	(153)
	<u>116,249</u>	<u>243,039</u>

6 Taxation

	8 months ended 30 Nov 2002 £	12 months ended 31 March 2002 £
Corporation tax – current period	110,460	-
Deferred taxation – adjustments in respect of prior year	28,000	-
Deferred taxation – current period	34,000	(4,000)
	<u>172,460</u>	<u>(4,000)</u>

The corporation tax assessed for the period is different from the rate of corporation tax applicable to the company.
 The differences are explained below:

	£	£
Profit/(loss) on ordinary activities before tax	573,999	(38,544)
Profit/(loss) on ordinary activities multiplied by the corporation tax rate of 19% (31 March 2002: 20%)	109,059	(7,709)
Effects of:		
Marginal rate of tax on small company relief	30,378	-
Capital allowances shortfall over depreciation	23,989	19,916
Movement in general provisions	-	(2,400)
Expenses potentially not allowable for tax	2,363	3,157
Untaxed income/relieved gains	(1,079)	(13,384)
Losses (utilised)/created in period	(54,250)	420
Corporation tax charge	<u>110,460</u>	<u>-</u>

Notes (continued)

7 Dividends

	8 months ended 30 Nov 2002 £	12 months ended 31 March 2002 £
Interim paid	66,372	79,550
Final proposed	137,934	-
Total dividend	<u>204,306</u>	<u>79,550</u>

8 Tangible assets

	Long Leasehold Property £	Plant and equipment £	Other equipment £	Vehicles £	Total £
Cost or valuation					
At beginning of period	735,762	3,474,909	315,094	151,980	4,677,745
Additions	-	52,368	27,581	24,812	104,761
Disposals	-	(300)	-	(46,352)	(46,652)
Revaluation	134,238	-	-	-	134,238
At end of period	<u>870,000</u>	<u>3,526,977</u>	<u>342,675</u>	<u>130,440</u>	<u>4,870,092</u>
Depreciation					
At beginning of period	27,473	2,177,344	194,032	86,947	2,485,796
Disposals	-	(300)	-	(46,352)	(46,652)
Charge for period	14,500	221,898	33,934	18,733	289,065
Revaluation	(27,473)	-	-	-	(27,473)
At end of period	<u>14,500</u>	<u>2,398,942</u>	<u>227,966</u>	<u>59,328</u>	<u>2,700,736</u>
Net book value					
At 30 November 2002	<u>855,500</u>	<u>1,128,035</u>	<u>114,709</u>	<u>71,112</u>	<u>2,169,356</u>
At 31 March 2002	<u>708,289</u>	<u>1,297,565</u>	<u>121,062</u>	<u>65,033</u>	<u>2,191,949</u>

During the period the Company has adopted a policy of revaluation of its land and buildings. A valuation of land and buildings was carried out by James Barr, Chartered Surveyors, at 1 April 2002. Land and buildings were revalued at £870,000 on an existing use basis.

There is no material difference between the actual depreciation charge on the revalued land and buildings and the historical cost depreciation charge. The net book value of land and buildings under the historical cost convention would be £696,484.

Included in the net book value of vehicles is £62,107 (31 March 2002: £53,844) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the period on these assets was £16,549 (31 March 2002: £13,431).

Notes (continued)

Included within the net book value of plant and machinery is £922,648 (31 March 2002: £1,096,169) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the period on these assets was £175,770 (31 March 2002: £263,625).

Included within the net book value of other equipment is £21,048 (31 March 2002: £26,661) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the period on these assets was £5,613 (31 March 2002: £7,016).

9 Stocks

	30 November 2002 £	31 March 2002 £
Raw materials	92,283	116,309
Work in progress	129,032	209,843
Finished goods	658,530	768,926
	<u>879,845</u>	<u>1,095,078</u>

10 Debtors

	30 November 2002 £	31 March 2002 £
Trade debtors	1,434,963	1,035,172
Other debtors	5	7
Prepayments and accrued income	77,037	60,853
Corporation tax	-	4,796
Amounts owed by parent undertaking	81,667	17,464
	<u>1,593,672</u>	<u>1,118,292</u>

11 Creditors: amounts due within one year

	30 November 2002 £	31 March 2002 £
Bank loan	55,000	52,896
Pension scheme loan	30,000	40,000
Bank overdraft	246,102	423,532
Invoice discounting	180,368	533,625
Trade creditors	674,554	600,372
Finance leases and similar hire purchase contracts	224,499	215,220
Social security and other taxation	297,205	132,948
Other creditors	20,276	25,056
Accruals	189,037	163,138
Corporation tax	110,460	-
Dividend proposed	137,934	-
	<u>2,165,435</u>	<u>2,186,787</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

	30 November 2002 £	31 March 2002 £
Finance leases and similar hire purchase contracts	496,386	590,080
Bank loan (secured, note 11)	493,148	530,164
Pension scheme loan	-	10,000
	<u>989,534</u>	<u>1,130,244</u>

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

	30 November 2002 £	31 March 2002 £
Within 1 year	85,000	92,896
Between one and two years	60,000	66,159
Between two and five years	190,000	184,373
Over five years	243,148	289,632
	<u>578,148</u>	<u>633,060</u>

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

	30 November 2002 £	31 March 2002 £
Within one year	224,499	215,220
In the second to fifth years	496,386	590,080
	<u>720,885</u>	<u>805,300</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 19% (*31 March 2002: 19%*) is as follows:

	£
Balance at 31 March 2002	74,000
Movement in period	62,000
Balance at 30 November 2002	136,000

The main components of deferred tax at 19% (*31 March 2002: 19%*) are:

	30 November 2002 £	31 March 2002 £
Accelerated capital allowances	142,000	139,000
Trading losses	-	(59,000)
Other	(6,000)	(6,000)
	136,000	74,000

14 Called up share capital

	30 November 2002 £	31 March 2002 £
<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

	30 November 2002 £	31 March 2002 £
Profit/(loss) for the financial period/year	401,539	(34,544)
Dividends	(204,306)	(79,550)
Revaluation of land and buildings	161,711	-
Net increase/(depletion) to shareholders' funds	358,944	(114,094)
Opening shareholders' funds as previously stated	1,039,742	1,212,172
Prior year adjustment – FRS 19	-	(58,336)
Closing shareholders' funds	1,398,686	1,039,742

16 Reserves

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening balance	100,000	-	939,742	1,039,742
Retained profit for financial period	-	-	197,233	197,233
Revaluation of land and buildings	-	161,711	-	161,711
Closing balance	100,000	161,711	1,136,975	1,398,686

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 £63,180 (31 March 2002: £91,129). There were no contributions payable (31 March 2002: £Nil) to the fund at the period end.

18 Commitments

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

	30 November 2002 £	31 March 2002 £
Other operating leases which expire:		
Within one year	10,052	3,356
In the second to fifth years inclusive	24,942	26,462
	34,994	29,818

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
24 Clydeholm Road
Clydeside Industrial Estate
Glasgow
G14 0AU

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 £44,820 (*31 March 2002: £194,825*).