

Gilmour and Dean Limited

Directors' report and financial statements

Registered number SC24552

30 November 2003



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COMPANIES HOUSE 25/05/04

Directors and advisers

Directors

K Macdonald (Chairman)
RC Anderson
AS 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
Gordon Street
Glasgow
G1 3RS

Company number

SC24552

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Directors' report

The directors present their annual report and audited financial statements for the year ended 30 November 2003.

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. During the prior year the company changed its accounting reference date from 31 March to 30 November.

An interim dividend of £6,708 (2002: £66,372) was paid during the year. The directors propose a final dividend of £85,644 (2002: £137,934).

Directors and directors' interests

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

	Ordinary shares of £1 each at beginning and end of year
K Macdonald (Chairman)	2
RC Anderson	-
AS Cairns	-
WB Marnoch	-
IN McKinlay	-
AG Rees	-
BJ Whitehorn	-

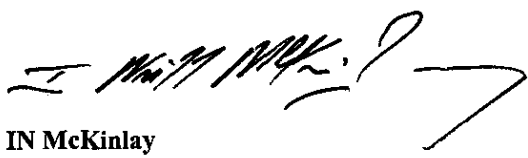
The interests of the directors of the company at the end of the year who are also directors of the holding company are shown in the accounts of the holding company, Unicorn Graphics Limited. The interests of other directors in the shares of the holding company are as follows:

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

26 March 2004

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

30 March 2004

Profit and loss account
for the year ended 30 November 2003

	<i>Note</i>	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
Turnover	2	7,040,162	5,409,037
Cost of sales		(4,525,617)	(3,356,511)
Gross profit		2,514,545	2,052,526
Administrative expenses		(2,168,168)	(1,365,584)
Other operating income		11,206	3,306
Operating profit		357,583	690,248
Interest	5	(71,383)	(116,249)
Profit on ordinary activities before taxation	3	286,200	573,999
Tax on profit on ordinary activities	6	(89,341)	(172,460)
Profit on ordinary activities after taxation		196,859	401,539
Dividends paid and proposed	7	(92,352)	(204,306)
Transfer to reserves for the year/period		104,507	197,233

Statement of total recognised gains and losses
for the year ended 30 November 2003

	Year ended 30 November 2003 £000	8 months ended 30 November 2002 £000
Profit for the financial year/period	196,859	401,539
Unrealised surplus on revaluation of properties	-	161,711
Total recognised gains and losses relating to the financial year/period	196,859	563,250

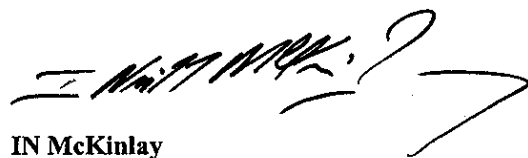
Balance sheet
at 30 November 2003

	Note	£	2003	£	£	2002	£
Fixed assets							
Tangible assets	8		1,202,170			2,169,356	
Current assets							
Stocks	9	747,393		879,845			
Debtors	10	1,882,450		1,593,672			
Cash at bank and in hand		86,409		46,782			
			<u>2,716,252</u>		<u>2,520,299</u>		
Creditors: amounts falling due within one year	11	(1,921,065)		(2,165,435)			
Net current assets			<u>795,187</u>			<u>354,864</u>	
Total assets less current liabilities			<u>1,997,357</u>			<u>2,524,220</u>	
Creditors: amounts falling due after more than one year	12	(416,164)		(989,534)			
Provisions for liabilities and charges	13	(78,000)		(136,000)			
			<u>1,503,193</u>			<u>1,398,686</u>	
Capital and reserves							
Called up share capital	14	100,000		100,000			
Revaluation reserve	16	-		161,711			
Profit and loss account	16	1,403,193		1,136,975			
Shareholders' funds: equity interests	15		<u>1,503,193</u>			<u>1,398,686</u>	

These financial statements were approved by the board of directors on 26 March 2004 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. The Company has adopted a policy of revaluation of its land and buildings. Valuations are 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 on ordinary activities before taxation

	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
<i>Profit on ordinary activities is stated after charging/(crediting)</i>		
Depreciation	431,193	289,065
Auditors' remuneration: audit services	6,660	5,630
Operating lease rentals - motor vehicles	45,989	27,768
Profit on sale of fixed assets	(2,382)	(5,680)
Redundancy costs	68,110	-

Notes (continued)

4 Employees and directors

	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
Staff costs:		
Wages and salaries	2,642,286	1,962,947
Social security costs	260,016	175,659
Other pension costs	88,474	63,180
	<u>2,990,776</u>	<u>2,201,786</u>
Average number of employees split:		
Direct factory staff	74	70
Other administrative staff	41	40
	<u>115</u>	<u>110</u>

Remuneration of directors

	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
Emoluments	405,044	352,046
Other benefits	33,795	21,387
	<u>438,839</u>	<u>373,433</u>
Company contribution to pension scheme	23,141	17,981
	<u>461,980</u>	<u>391,414</u>

The emoluments of the highest paid director during the year amounted to £93,863 (2002: £80,132) and company pension contributions of £5,589 (2002: £4,483) were made to a pension scheme on his behalf.

In addition to the foregoing the group paid a management fee of £14,872 (2002: £9,653), in respect of the services of WB Marnoch, to WBM Associates.

Notes (continued)

5 Interest

	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
<i>Interest payable</i>		
Bank overdraft and other loans wholly repayable within five years	20,106	29,466
Bank loans wholly repayable within ten years	1,267	22,716
Interest on finance leases and similar HP agreements	47,907	56,312
Group interest on long term loans	1,610	5,932
Other interest	594	2,021
<i>Interest receivable</i>		
Bank interest	(101)	(198)
	<u>71,383</u>	<u>116,249</u>

6 Taxation

	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
Corporation tax – current year	133,552	110,460
Corporation tax – prior period	13,789	-
	<u>147,341</u>	<u>110,460</u>
Deferred taxation – adjustments in respect of prior year	-	28,000
Deferred taxation – current year	(58,000)	34,000
	<u>89,341</u>	<u>172,460</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 on ordinary activities before tax	286,200	573,999
Profit on ordinary activities multiplied by the corporation tax rate of 19% (2002: 19%)	54,378	109,059
Effects of:		
Marginal rate of tax on small company relief	44,105	30,378
Capital allowances shortfall over depreciation	34,175	23,989
Movement in general provisions	(1,559)	-
Expenses potentially not allowable for tax	2,273	2,363
Losses utilised in period	-	(54,250)
Under provision in previous period	13,789	-
Other	180	(1,079)
Corporation tax charge	<u>147,341</u>	<u>110,460</u>

Notes (continued)

7 Dividends

	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
Interim paid	6,708	66,372
Final proposed	85,644	137,934
Total dividend	<u>92,352</u>	<u>204,306</u>

8 Tangible assets

	Long Leasehold Property £	Plant and equipment £	Other equipment £	Vehicles £	Total £
Cost or valuation					
At beginning of year	870,000	3,526,977	342,675	130,440	4,870,092
Additions	-	259,309	44,507	14,085	317,901
Disposals	-	(50,115)	(81,541)	(34,276)	(165,932)
Intercompany transfer	(870,000)	-	-	-	(870,000)
At end of year	<u>-</u>	<u>3,736,171</u>	<u>305,641</u>	<u>110,249</u>	<u>4,152,061</u>
Depreciation					
At beginning of year	14,500	2,398,942	227,966	59,328	2,700,736
Disposals	-	(50,115)	(79,955)	(30,218)	(160,288)
Charge for year	7,250	337,890	56,035	30,018	431,193
Intercompany transfer	(21,750)	-	-	-	(21,750)
At end of year	<u>-</u>	<u>2,686,717</u>	<u>204,046</u>	<u>59,128</u>	<u>2,949,891</u>
Net book value					
At 30 November 2003	<u>-</u>	<u>1,049,454</u>	<u>101,595</u>	<u>51,121</u>	<u>1,202,170</u>
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>

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. During the year ownership of the company's property was transferred to the parent undertaking, Unicorn Graphics Limited.

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 £nil (2002: £696,484).

Included in the net book value of vehicles is £27,212 (2002: £62,107) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £11,864 (2002: £16,549).

Notes (continued)

Included within the net book value of plant and machinery is £776,544 (2002: £922,648) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £256,838 (2002: £175,770).

Included within the net book value of other equipment is £12,629 (2002: £21,048) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charge for the year on these assets was £8,419 (2002: £5,613).

9 Stocks

	2003 £	2002 £
Raw materials	121,000	92,283
Work in progress	145,776	129,032
Finished goods	480,617	658,530
	<u>747,393</u>	<u>879,845</u>

10 Debtors

	2003 £	2002 £
Trade debtors	1,344,658	1,434,963
Other debtors	7,638	5
Prepayments and accrued income	92,069	77,037
Amounts owed by parent undertaking	438,085	81,667
	<u>1,882,450</u>	<u>1,593,672</u>

11 Creditors: amounts due within one year

	2003 £	2002 £
Amount owed to parent company	2,502	-
Bank loan	-	55,000
Pension scheme loan	-	30,000
Bank overdraft	186,687	246,102
Invoice discounting	499	180,368
Trade creditors	734,797	674,554
Finance leases and similar hire purchase contracts	248,579	224,499
Social security and other taxation	300,061	297,205
Other creditors	7,394	20,276
Accruals	221,350	189,037
Corporation tax	133,552	110,460
Dividend proposed	85,644	137,934
	<u>1,921,065</u>	<u>2,165,435</u>

Notes (continued)

The bank loan, invoice discounting facility 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.

12 Creditors: amounts due after more than one year

	2003 £	2002 £
Finance leases and similar hire purchase contracts	416,164	496,386
Bank loan (secured, note 11)	-	493,148
	<u>416,164</u>	<u>989,534</u>

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

	2003 £	2002 £
Within 1 year	-	85,000
Between one and two years	-	60,000
Between two and five years	-	190,000
Over five years	-	243,148
	<u>-</u>	<u>578,148</u>

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

	2003 £	2002 £
Within one year	248,579	224,499
In the second to fifth years	416,164	496,386
	<u>664,743</u>	<u>720,885</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% (2002: 19%) is as follows:

	£
Balance at 30 November 2002	136,000
Movement in year	(58,000)
Balance at 30 November 2003	78,000

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

	2003 £	2002 £
Accelerated capital allowances	82,000	142,000
Other	(4,000)	(6,000)
	78,000	136,000

14 Called up share capital

	2003 £	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

	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
Profit for the financial year	196,859	401,539
Dividends	(92,352)	(204,306)
Revaluation of land and buildings	-	161,711
Net increase in shareholders' funds	104,507	358,944
Opening shareholders' funds	1,398,686	1,039,742
Closing shareholders' funds	1,503,193	1,398,686

16 Reserves

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening balance	100,000	161,711	1,136,975	1,398,686
Retained profit for financial year	-	-	104,507	104,507
Transfer	-	(161,711)	161,711	-
Closing balance	100,000	-	1,403,193	1,503,193

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 £88,474 (2002: £63,180). There were no contributions payable (2002: £Nil) to the fund at the year end.

18 Commitments

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

	Year ended 30 November 2003 £	8 months ended 30 November 2002 £
Other operating leases which expire:		
Within one year	7,466	10,052
In the second to fifth years inclusive	38,500	24,942
	45,966	34,994

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 £769,445 (2002: £44,820).