

AFS IMAGE SETTERS LIMITED

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 January 1997

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COMPANY INFORMATION

DIRECTORS: A.D.H. Stanger
J.I. Scott

SECRETARY: N. Scott

REGISTERED OFFICE: 4/10 Darnley Street
Glasgow
G41 2SD

REGISTERED NUMBER: 142021

ACCOUNTANTS: Scott-Moncrieff Downie Wilson
Chartered Accountants
135 Buchanan Street
Glasgow G1 2JA

REPORT OF THE DIRECTORS

The directors present their report with the financial statements of the company for the year ended 31 January 1997.

PRINCIPAL ACTIVITY

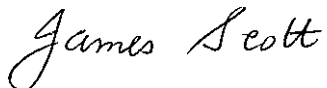
The principal activity of the company in the year under review was that of general printers and typesetters.

DIRECTORS

The directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:

<u>Name</u>	<u>Class of Capital</u>	<u>31. 1.97</u>	<u>1. 2.96</u>
A.D.H. Stanger	Ordinary shares £1	1	1
J.I. Scott	Ordinary shares £1	1	1

In preparing this report, the directors have taken advantage of special exemptions applicable to small companies conferred by Sections 247 and 247A of the Companies Act 1985.

ON BEHALF OF THE BOARD:

J.I. Scott - Director

Dated: 22 April 1997

REPORT OF THE ACCOUNTANTS TO THE SHAREHOLDERS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
AFS IMAGE SETTERS LIMITED

We report on the financial statements for the year ended 31 January 1997 set out on pages four to thirteen.

Respective responsibilities of directors and reporting accountants

As described on page five the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).

Scott-Moncrieff Downie Wilson

Scott-Moncrieff Downie Wilson
Chartered Accountants
135 Buchanan Street
Glasgow G1 2JA

Dated: 22 April 1997

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 January 1997

		1997	1996
	Notes	£	£
TURNOVER	2	159,124	165,850
Cost of Sales		65,305	73,322
GROSS PROFIT		93,819	92,528
Administrative Expenses		87,318	85,033
		6,501	7,495
Other Operating Income	3	3,198	1,962
OPERATING PROFIT	4	9,699	9,457
Interest Receivable	5	465	642
		10,164	10,099
Interest Payable and Similar Charges		2,202	2,128
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,962	7,971
Tax on Profit on Ordinary Activities		2,112	2,358
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		5,850	5,613
Retained Profit brought forward		25,656	20,043
RETAINED PROFIT CARRIED FORWARD		£31,506	£25,656

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

BALANCE SHEET
As at 31 January 1997

		1997		1996	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible Assets	6		31,869		26,833
CURRENT ASSETS:					
Stocks	7	8,718		9,633	
Debtors	8	36,520		42,966	
Cash at Bank and In Hand		15,081		4,050	
		<u>60,319</u>		<u>56,649</u>	
CREDITORS: Amounts falling due within one year	9	<u>54,532</u>		<u>49,488</u>	
NET CURRENT ASSETS:			<u>5,787</u>		<u>7,161</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			37,656		33,994
CREDITORS: Amounts falling due after more than one year	10		(6,148)		(8,125)
PROVISIONS FOR LIABILITIES AND CHARGES:	12		—		(211)
			<u>£31,508</u>		<u>£25,658</u>
CAPITAL AND RESERVES:					
Called Up Share Capital	13		2		2
Profit & Loss Account			31,506		25,656
Shareholders' Funds	14		<u>£31,508</u>		<u>£25,658</u>

The company is entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 for the year ending 31 January 1997.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

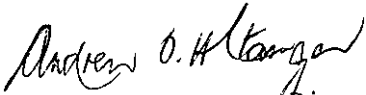
- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

BALANCE SHEET
As at 31 January 1997

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Sections 247 and 247A of the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



A.D.H. Stanger. - Director

Approved by the Board on 22 April 1997

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 January 1997

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention.

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant & Machinery	- 20% on cost
Fixtures & Fittings	- 10% on cost
Motor Vehicles	- 25% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire Purchase and Leasing Commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 January 1997

3. OTHER OPERATING INCOME

	1997	1996
	£	£
Grants Received	2,603	1,367
Grant Release	595	595
	<u>3,198</u>	<u>1,962</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1997	1996
	£	£
Depreciation – Owned Assets	4,737	4,842
Depreciation – Assets on Hire Purchase or Finance Leases	7,673	4,634
(Profit)/Loss on Disposal of Fixed Assets	(109)	205
Auditors' Remuneration	1,300	900
	<u>41,700</u>	<u>39,063</u>

5. INTEREST RECEIVABLE

	1997	1996
	£	£
Deposit Account Interest	465	642

6. TANGIBLE FIXED ASSETS

	Plant & Machinery etc
	£
COST:	
As at 1 February 1996	45,789
Additions	17,837
Disposals	(1,565)
	<u>62,061</u>
As at 31 January 1997	
DEPRECIATION:	
As at 1 February 1996	18,956
Charge for Year	12,410
Eliminated on Disposals	(1,174)
	<u>30,192</u>
As at 31 January 1997	
NET BOOK VALUE:	
As at 31 January 1997	<u>£31,869</u>
As at 31 January 1996	<u>£26,833</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 January 1997

Fixed assets, included in the above, which are held under hire purchase or finance leases are as follows:

	Plant & Machinery etc
	<u>£</u>
COST:	
As at 1 February 1996	23,170
Additions	<u>12,155</u>
As at 31 January 1997	<u>35,325</u>
DEPRECIATION:	
As at 1 February 1996	4,634
Charge for Year	<u>7,673</u>
As at 31 January 1997	<u>12,307</u>
NET BOOK VALUE:	
As at 31 January 1997	<u>£23,018</u>
As at 31 January 1996	<u>£18,536</u>

7. STOCKS	1997	1996
	£	£
Stock and work in progress	<u>8,718</u>	<u>9,633</u>
8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997	1996
	£	£
Trade Debtors	34,335	41,764
Prepayments & Accrued Income	<u>2,185</u>	<u>1,202</u>
	<u>36,520</u>	<u>42,966</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 January 1997

9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	1997	1996
	£	£
Hire Purchase and Finance Leases (See Note 11)	7,082	7,438
Trade Creditors	12,468	15,118
Directors Current Accounts	7,603	7,603
Other Creditors	5,000	5,000
V.A.T.	2,860	1,544
Other Taxes & PAYE	4,648	5,373
Taxation	2,311	1,955
Accrued Expenses	12,560	5,457
	<u>54,532</u>	<u>49,488</u>

10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR

	1997	1996
	£	£
Deferred Government Grants	1,785	2,380
Hire Purchase and Finance Leases (See Note 11)	4,363	5,745
	<u>6,148</u>	<u>8,125</u>

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire Purchase Contracts	
	1997	1996
	£	£
Gross obligations repayable:		
Within one year	8,518	9,640
Between one and five years	5,086	7,904
	<u>13,604</u>	<u>17,544</u>
Finance Charges repayable:		
Within one year	1,436	2,202
Between one and five years	723	2,159
	<u>2,159</u>	<u>4,361</u>
Net obligations repayable:		
Within one year	7,082	7,438
Between one and five years	4,363	5,745
	<u>11,445</u>	<u>13,183</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 January 1997

12. **PROVISIONS FOR LIABILITIES AND CHARGES**

	1997	1996
	£	£
Deferred Taxation	—	211

13. **CALLED UP SHARE CAPITAL**

Authorised:			1997	1996
Number:	Class:	Nominal	£	£
		Value:		
50,000	Ordinary shares	£1	50,000	50,000
			<u> </u>	<u> </u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	1997	1996
		Value:	£	£
2	Ordinary shares	£1	2	2
			<u> </u>	<u> </u>

14. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1997	1996
	£	£
Profit for the Financial Year	5,850	5,613
NET ADDITION TO SHAREHOLDERS' FUNDS	5,850	5,613
Opening Shareholders' Funds	25,658	20,045
CLOSING SHAREHOLDERS' FUNDS	31,508	25,658
Equity interests	31,508	25,658

15. **DEFERRED GOVERNMENT GRANTS**

	1997	1996
	£	£
Balance at start of year	2,380	—
Grant received during year	—	2,975
Released to profit & loss	(595)	(595)
	<u>1,785</u>	<u>2,380</u>