

**WADDINGTON LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 2003**

**Registration No 173691**



# WADDINGTON LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and accounts for the year ended 31 December 2003.

### PRINCIPAL ACTIVITY

The principal activity of the company during the year was to act as a holding company.

### RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 4.

The profit before taxation was £2,839,000 (2002 £2,767,000). The profit for the year available for distribution was £2,839,000 (2002 £2,767,000). The directors recommend the payment of a dividend of £2,839,000 (2002 £2,767,000). Preference dividends of £7,000 (2002 £7,000) have also been paid. The loss of £7,000 (2002 loss £7,000) has been transferred from reserves.

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the results of the company and the future prospects to be satisfactory.

### DIRECTORS

The following is a list of all persons who were directors of the company at any time between 1 January 2003 and the date of this report:

J R H Riddle  
M K Young

### DIRECTORS' SHARE INTERESTS

None of the directors had any interests in the share capital of the company.

The interests of the other directors in the issued share capital of communisis plc, the ultimate parent undertaking and controlling party, at 31 December 2003 were as follows:

	Number at 1 January 2003	Exercised/ lapsed in year	Granted in year	Number at 31 December 2003
<b>Executive share options</b>				
J R H Riddle	83,994	-	31,836	115,830
M K Young	250,320	(35,392)	41,940	256,868
<b>Savings related share options</b>				
J R H Riddle	12,745	(12,745)	10,137	10,137
M K Young	12,259	(12,259)	17,417	17,417

In addition, at 31 December 2003, Mr J R H Riddle held 9,139 ordinary shares in communisis plc (2002 9,139) and Mr M K Young held 99,975 communisis plc ordinary shares (2002 99,975).

All interests shown above are beneficial.

## WADDINGTON LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:


- select suitable accounting policies and 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### AUDITORS

The directors will place a resolution before the Annual General Meeting to re-appoint Ernst & Young LLP as auditors for the ensuing year.

By order of the Board

  
M K YOUNG  
Secretary

20 October 2004

Registered Office

Wakefield Road  
Leeds

LS10 1DU

Registration no.173691

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WADDINGTON LIMITED

We have audited the company's accounts for the year ended 31 December 2003 which comprise the profit and loss account, statement of retained profits, balance sheet, statement of accounting policies and the related notes 1 to 7. These accounts have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

**Ernst & Young LLP**  
Registered Auditor  
Leeds

*26 October 2004*

**WADDINGTON LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003 <u>£000</u>	2002 <u>£000</u>
Dividends receivable from subsidiary undertakings	2,839	2,767
	<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2,839	2,767
	<hr/>	<hr/>
<b>PROFIT FOR FINANCIAL YEAR</b>	2,839	2,767
Dividends payable to parent undertaking	(2,839)	(2,767)
Preference dividends payable	(7)	(7)
	<hr/>	<hr/>
<b>LOSS FOR THE FINANCIAL YEAR TRANSFERRED FROM RESERVES</b>	(7)	(7)
	<hr/>	<hr/>

All results are derived from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

The only recognised gains and losses for both years are represented by the profits shown above.

**STATEMENT OF RETAINED PROFITS**

	2003 <u>£000</u>	2002 <u>£000</u>
Profit and loss account at 1 January	59,288	59,295
Loss for the year	(7)	(7)
	<hr/>	<hr/>
Profit and loss account at 31 December	59,281	59,288
	<hr/>	<hr/>

**WADDINGTON LIMITED**

**BALANCE SHEET - 31 DECEMBER 2003**

	<u>Notes</u>	2003 <u>£'000</u>	2002 <u>£'000</u>
<b>FIXED ASSETS</b>			
Investments	2	126,989	126,989
<b>CREDITORS (due after one year)</b>			
Loan from parent undertaking		(35,943)	(35,936)
<b>NET ASSETS</b>		<u>91,046</u>	<u>91,053</u>
<b>CAPITAL AND RESERVES INCLUDING NON-EQUITY INTERESTS</b>			
Called up share capital	3	27,181	27,181
Share premium account		4,584	4,584
Profit and loss account		59,281	59,288
<b>SHAREHOLDERS' FUNDS</b>	4	<u>91,046</u>	<u>91,053</u>
<b>SHAREHOLDERS' FUNDS COMPRISE:</b>			
Equity interests		90,445	90,452
Non-equity interests	3	601	601
		<u>91,046</u>	<u>91,053</u>

Approved by the Board



M K YOUNG  
Director

20 October 2004

The accompanying notes are an integral part of this balance sheet.

## WADDINGTON LIMITED

### STATEMENT OF ACCOUNTING POLICIES - 31 DECEMBER 2003

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

#### Basis of presentation

The accounts have been prepared in accordance with applicable United Kingdom law and accounting standards under the historical cost convention.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised as a liability or asset in respect of all timing differences that have originated but not reversed if the transactions or events that give rise to an obligation to pay more tax in future, or a right to pay less tax in future, have occurred by the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

The company has no tax charge as all income is derived from non taxable dividend income.

#### Investments in subsidiaries

Investments in subsidiaries are shown at cost or directors' valuation, less provision for any impairment.

# WADDINGTON LIMITED

## NOTES TO THE ACCOUNTS – 31 DECEMBER 2003

### 1. PROFIT BEFORE TAXATION

There were no full time employees engaged in the business during the year. None of the directors received any emoluments in respect of their services to the company during the year (2002 £Nil). Auditors' remuneration is borne by another group company.

### 2. INVESTMENTS IN SUBSIDIARIES AT VALUATION

	Shares £'000	Loans £'000	Provisions £'000	Total £'000
At 1 January 2003 and 31 December 2003	115,417	43,596	(32,024)	126,989

The subsidiary undertakings at 31 December 2003, which are all wholly owned, are:

<u>Company</u>	<u>Activity</u>
communisis gateshead ltd (formerly Waddington Labels Limited)	Label manufacture
Waddingtons House Limited	Holding company
John Waddington Investments Limited	Holding company
House of Dubreq Limited	Lease of plant
Art Master of Chelsea Limited	Holding company
Imagio Limited	Holding company

#### Dormant companies:

Johnsen & Jorgensen Plastics Limited	Non-trading
Jaypak Limited	Non-trading
Mono-web Limited	Non-trading
Waddington Business Forms Limited	Non-trading
Waddingtons International Limited	Non-trading
Waddingtons Games Limited	Non-trading
Waddington No 1 Limited	Non-trading
Housemartin International Limited	Non-trading
Waddingtons Playing Card Company Limited	Non-trading
Subbuteo Sports Games Limited	Non-trading
Waddingtons Videomaster Limited	Non-trading
John Waddington Trustee Company Limited	Non-trading
Waddingtons Business Forms (Clayton West) Limited	Non-trading
Lebec Limited	Non-trading
Supervision Entertainment Limited	Non-trading

All the above companies are registered in England, except Waddingtons House Limited and Waddington No 1 Limited which are registered in Scotland.

The company is exempt from the obligation to prepare group accounts under section 228 of the Companies Act 1985 since it is a wholly owned subsidiary of communisis plc, a company registered in England which prepares group accounts.

In the opinion of the directors the aggregate value of the company's investments in its subsidiaries is not less than the aggregate of the amount at which these assets are stated in the balance sheet.



# WADDINGTON LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 2003

### 3. CALLED UP SHARE CAPITAL

	Authorised		Allotted and fully paid	
	2003	2002	2003	2002
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
8% Cumulative preference shares £1 each	200	200	200	200
6% Cumulative preference shares of £1 each	500	500	401	401
Ordinary shares of 25p each	37,500	37,500	26,580	26,580
	<hr/>	<hr/>	<hr/>	<hr/>
	38,200	38,200	27,181	27,181
	<hr/>	<hr/>	<hr/>	<hr/>

The preference shares carry no voting rights other than in certain circumstances affecting the rights of the preference shareholders, details of which are set out in the company's Articles of Association. The 8% cumulative preference shares rank in priority to the 6% cumulative preference shares both as to dividends and on a winding up. Both classes of preference shares rank ahead of the ordinary shares in respect of dividends and on a winding up. Rights on a winding up are limited to repayment of capital and any arrears of dividends.

communisis plc has waived its right to receive preference dividends.

### 4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	<u>£'000</u>	<u>£'000</u>
Profit for year	2,839	2,767
Dividends payable	(2,846)	(2,774)
	<hr/>	<hr/>
Net decrease in shareholders' funds	(7)	(7)
Shareholders' funds at 1 January	91,053	91,060
	<hr/>	<hr/>
Shareholders' funds at 31 December	91,046	91,053
	<hr/>	<hr/>

### 5. CONTINGENT LIABILITIES

The company together with its fellow subsidiary undertakings, has given a guarantee in respect of certain bank borrowings of communisis plc. At 31 December 2003 total borrowings subject to the guarantee amounted to £122,000 (2002 £6,725,000).

### 6. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly-owned subsidiary of communisis plc and is included in the consolidated accounts of communisis plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996). The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the communisis plc group or investees of the communisis plc group. During the year there were no related party transactions that required disclosure under FRS8.

**WADDINGTON LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 2003**

**7. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking and controlling party is communisis plc, a company registered in England which prepares group accounts. The only group into which the results of the company are consolidated is that headed by communisis plc. Copies of the group accounts of communisis plc can be obtained by writing to:

The Secretary  
communisis plc  
Wakefield Road  
Leeds LS10 1DU