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**EDWARD FOX & SON LIMITED  
REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2002**

Dafferns

Chartered Accountants



**EDWARD FOX & SON LIMITED**

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for the year ended 31st December 2002**

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**EDWARD FOX & SON LIMITED**

**COMPANY INFORMATION**  
**for the year ended 31st December 2002**

**DIRECTORS:**

L R Allfrey  
C J Jewkes  
R J Keeley

**SECRETARY:**

L R Allfrey

**REGISTERED OFFICE:**

Masons Road  
Stratford upon Avon  
WARWICKSHIRE  
CV37 9NB

**REGISTERED NUMBER:**

247892 (England and Wales)

**AUDITORS:**

Dafferns  
Chartered Accountants  
Registered Auditors  
Leamington Spa  
CV32 4PG

**EDWARD FOX & SON LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31st December 2002**

The directors present their report with the financial statements of the company for the year ended 31st December 2002.

**PRINCIPAL ACTIVITY**

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

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

The total distribution of dividends for the year ended 31st December 2002 will be £146,283 (2001 £99,036).

**DIRECTORS**

The directors during the year under review were:

L R Allfrey  
C J Jewkes  
R J Keeley

The directors holding office at 31st December 2002 did not hold any beneficial interest in the issued share capital of the company at 1st January 2002 or 31st December 2002.

The interests of the directors in the share capital of the holding company Edward Fox Holdings Limited, are disclosed in that company's financial statements.

**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 of the profit or loss of the company 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;
- 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 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 auditors, Dafferns, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



L R Allfrey - SECRETARY

Dated: 24th April 2003

**EDWARD FOX & SON LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
EDWARD FOX & SON LIMITED**

We have audited the financial statements of Edward Fox & Son Limited for the year ended 31st December 2002 on pages four to fifteen. These financial statements have been prepared under the historical cost convention and 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors 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.

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

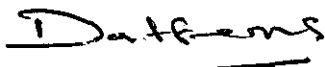
**Basis of audit opinion**

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 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 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Dafferns  
Chartered Accountants  
Registered Auditors  
Leamington Spa  
CV32 4PG

Dated: 24 April 2003

**EDWARD FOX & SON LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31st December 2002**

		2002	2001
	Notes	£	£
<b>TURNOVER</b>		2,882,514	3,240,895
Cost of sales		1,469,318	1,534,321
<b>GROSS PROFIT</b>		1,413,196	1,706,574
Administrative expenses		1,116,512	1,088,336
<b>OPERATING PROFIT</b>	3	296,684	618,238
Interest receivable and similar income		18,227	32,164
		314,911	650,402
Interest payable and similar charges	4	38,866	64,746
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		276,045	585,656
Tax on profit on ordinary activities	5	(12,828)	168,504
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		288,873	417,152
Dividends	6	146,283	99,036
		142,590	318,116
Retained profit brought forward		1,298,594	980,478
<b>RETAINED PROFIT CARRIED FORWARD</b>		£1,441,184	£1,298,594

**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

EDWARD FOX & SON LIMITED

**BALANCE SHEET**  
31st December 2002

		2002		2001	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	7		1,484,214		1,439,900
<b>CURRENT ASSETS:</b>					
Stocks	8	58,482		76,949	
Debtors	9	423,468		515,699	
Cash at bank and in hand		455,471		713,378	
		937,421		1,306,026	
<b>CREDITORS:</b> Amounts falling due within one year	10	604,249		893,309	
<b>NET CURRENT ASSETS:</b>			333,172		412,717
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			1,817,386		1,852,617
<b>CREDITORS:</b> Amounts falling due after more than one year	11		(168,948)		(284,330)
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>	13		(132,254)		(194,693)
			<u>£1,516,184</u>		<u>£1,373,594</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	14		66,000		66,000
Share premium	15		9,000		9,000
Profit and loss account			1,441,184		1,298,594
<b>SHAREHOLDERS' FUNDS:</b>	19		<u>£1,516,184</u>		<u>£1,373,594</u>

ON BEHALF OF THE BOARD:



L R Allfrey - DIRECTOR

Approved by the Board on 24th April 2003

The notes form part of these financial statements

EDWARD FOX & SON LIMITED

**CASH FLOW STATEMENT**  
for the year ended 31st December 2002

	Notes	2002		2001	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	1		323,852		1,171,359
<b>Returns on investments and servicing of finance</b>	2		(20,639)		(32,582)
<b>Taxation</b>			(49,960)		(40,384)
<b>Capital expenditure</b>	2		(204,421)		(804,237)
<b>Equity dividends paid</b>			(146,283)		(99,036)
			<u>(97,451)</u>		<u>195,120</u>
<b>Financing</b>	2		(160,456)		(7,018)
<b>(Decrease)/Increase in cash in the period</b>			<u><u>£(257,907)</u></u>		<u><u>£188,102</u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>					
	3				
<b>(Decrease)/Increase in cash in the period</b>			(257,907)		188,102
Cash outflow from decrease in debt and lease financing			<u>160,456</u>		<u>7,018</u>
Change in net funds resulting from cash flows			<u>(97,451)</u>		<u>195,120</u>
<b>Movement in net funds in the period</b>			<u>(97,451)</u>		<u>195,120</u>
<b>Net funds at 1st January</b>			<u>268,592</u>		<u>73,472</u>
<b>Net funds at 31st December</b>			<u><u>£171,141</u></u>		<u><u>£268,592</u></u>

The notes form part of these financial statements



**EDWARD FOX & SON LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
for the year ended 31st December 2002**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2002 £	2001 £
Operating profit	296,684	618,238
Depreciation charges	172,553	158,132
Profit on sale of fixed assets	(12,446)	(88,870)
Decrease/(Increase) in stocks	18,467	(4,524)
Decrease in debtors	92,231	111,049
(Decrease)/Increase in creditors	(243,637)	377,334
<b>Net cash inflow from operating activities</b>	<u>323,852</u>	<u>1,171,359</u>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2002 £	2001 £
<b>Returns on investments and servicing of finance</b>		
Interest received	18,227	32,164
Interest paid	(38,866)	(64,746)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u>(20,639)</u>	<u>(32,582)</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(218,781)	(939,437)
Sale of tangible fixed assets	14,360	135,200
<b>Net cash outflow for capital expenditure</b>	<u>(204,421)</u>	<u>(804,237)</u>
<b>Financing</b>		
New loan taken out in year	-	147,490
Loan repayments in year	(29,498)	(12,291)
Finance lease repayments	(130,958)	(142,217)
<b>Net cash outflow from financing</b>	<u>(160,456)</u>	<u>(7,018)</u>

The notes form part of these financial statements

EDWARD FOX & SON LIMITED

NOTES TO THE CASH FLOW STATEMENT  
for the year ended 31st December 2002

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.02 £	Cash flow £	At 31.12.02 £
Net cash:			
Cash at bank and in hand	713,378	(257,907)	455,471
	<u>713,378</u>	<u>(257,907)</u>	<u>455,471</u>
Debt:			
Hire purchase or finance leases	(309,587)	130,958	(178,629)
Debts falling due within one year	(29,498)	-	(29,498)
Debts falling due after one year	(105,701)	29,498	(76,203)
	<u>(444,786)</u>	<u>160,456</u>	<u>(284,330)</u>
Total	<u>268,592</u>	<u>(97,451)</u>	<u>171,141</u>
<b>Analysed in Balance Sheet</b>			
Cash at bank and in hand	713,378		455,471
Hire purchase or finance leases			
within one year	(130,958)		(85,884)
after one year	(178,629)		(92,745)
Debts falling due within one year	(29,498)		(29,498)
Debts falling due after one year	(105,701)		(76,203)
	<u>268,592</u>		<u>171,141</u>

The notes form part of these financial statements

## EDWARD FOX & SON LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2002

#### 1. ACCOUNTING POLICIES

##### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### Turnover

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

##### Depreciation

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

Plant and machinery etc	generally 10% or 7% on cost, but depends on an individual asset basis
Fixtures and fittings	10% or 20% on cost
Motor Vehicles	33% or 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 tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### 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.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

##### Pension costs

The company operates a defined benefit pension scheme for employees and a defined contribution scheme for the directors. The assets of both schemes are held in independently administered funds. The pension costs are charged to the profit and loss account as they become payable.

#### 2. STAFF COSTS

	2002 £	2001 £
Wages and salaries	961,455	1,012,346
Other pension costs	115,821	159,229
	<u>1,077,276</u>	<u>1,171,575</u>

# EDWARD FOX & SON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2002

### 2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2002	2001
Directors	3	3
Sales	6	6
Accounts	6	6
Production Office	2	2
Factory	25	28
	<u>42</u>	<u>45</u>

### 3. OPERATING PROFIT

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

	2002 £	2001 £
Depreciation - owned assets	112,528	33,825
Depreciation - assets on hire purchase contracts or finance leases	60,025	124,307
Profit on disposal of fixed assets	(12,446)	(88,870)
Auditors' remuneration	3,000	3,000
Other operating leases	77,500	72,500
	<u>238,608</u>	<u>235,889</u>
Directors' emoluments	<u>238,608</u>	<u>235,889</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	3
Defined benefit schemes	<u>3</u>	<u>3</u>

Defined benefit pension scheme

The company operates a defined benefit scheme for certain employees, The Edward Fox & Son (1984) Retirement Benefits Scheme. Since 12/12/95 no new members have been admitted to the scheme.

Full details are provided in note 16.

Information regarding the highest paid director is as follows:

	2002 £	2001 £
Emoluments etc	<u>107,234</u>	<u>106,708</u>

**EDWARD FOX & SON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31st December 2002**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2002 £	2001 £
Finance lease interest	<u>38,866</u>	<u>64,746</u>

**5. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2002 £	2001 £
Current tax:		
UK corporation tax	25,564	25,811
Prior year adjustment	24,046	-
Total current tax	<u>49,610</u>	<u>25,811</u>
Deferred tax:		
Deferred taxation	(62,438)	142,693
Tax on profit on ordinary activities	<u>(12,828)</u>	<u>168,504</u>

UK corporation tax has been charged at 19.25% (2001 - 30%).

**Factors affecting the tax (credit)/charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>276,045</u>	<u>585,656</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2001 - 30%)	53,139	175,697
Effects of:		
Permanent differences	2,517	5,487
Timing differences primarily in respect of tangible fixed assets	(30,092)	(155,373)
Prior year adjustment	24,046	-
Current tax (credit)/charge	<u>49,610</u>	<u>25,811</u>

**EDWARD FOX & SON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31st December 2002

**6. DIVIDENDS**

	2002 £	2001 £
Equity shares:		
Interim - ordinary shares	75,000	-
Final - ordinary shares	71,283	99,036
	<u>146,283</u>	<u>99,036</u>

**7. TANGIBLE FIXED ASSETS**

	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
<b>COST:</b>				
At 1st January 2002	2,114,074	43,844	154,995	2,312,913
Additions	137,359	-	81,422	218,781
Disposals	(94,197)	-	(78,774)	(172,971)
At 31st December 2002	<u>2,157,236</u>	<u>43,844</u>	<u>157,643</u>	<u>2,358,723</u>
<b>DEPRECIATION:</b>				
At 1st January 2002	715,930	42,610	114,473	873,013
Charge for year	142,440	694	29,419	172,553
Eliminated on disposals	(92,283)	-	(78,774)	(171,057)
At 31st December 2002	<u>766,087</u>	<u>43,304</u>	<u>65,118</u>	<u>874,509</u>
<b>NET BOOK VALUE:</b>				
At 31st December 2002	<u>1,391,149</u>	<u>540</u>	<u>92,525</u>	<u>1,484,214</u>
At 31st December 2001	<u>1,398,144</u>	<u>1,234</u>	<u>40,522</u>	<u>1,439,900</u>

All tangible fixed assets were revalued in 1995 as part of the agreement for a management buyout of the company. If they had not been revalued they would have been included at the following historical cost:

Cost	£2,237,957
Aggregate depreciation	£813,424

The net book value of assets held under finance leases amounted to £414,400 (2001 £474,425).

**8. STOCKS**

	2002 £	2001 £
Stocks	<u>58,482</u>	<u>76,949</u>

**EDWARD FOX & SON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31st December 2002

**9. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2002 £	2001 £
Trade debtors	365,279	361,016
Other debtors	24,103	115,518
Prepayments & accrued income	34,086	39,165
	<u>423,468</u>	<u>515,699</u>

**10. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2002 £	2001 £
Trade creditors	89,988	201,688
Lease creditor	85,884	130,958
Due to holding company	62,920	90,673
Other creditors	162,939	378,685
Social security & other taxes	25,906	46,346
Taxation	25,563	25,913
Accrued expenses	151,049	19,046
	<u>604,249</u>	<u>893,309</u>

The HP / finance lease creditor is secured against the relevant fixed assets.

**11. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	2002 £	2001 £
Lease creditor	92,745	178,629
Other loan	76,203	105,701
	<u>168,948</u>	<u>284,330</u>

**12. OBLIGATIONS UNDER LEASING AGREEMENTS**

The following payments are committed to be paid within one year:

	2002 £	Land and buildings operating leases 2001 £
Expiring:		
In more than five years	<u>77,500</u>	<u>75,000</u>

EDWARD FOX & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31st December 2002

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £	2001 £
Deferred taxation	<u>132,254</u>	<u>194,693</u>
	Deferred tax	
	£	
Balance at 1st January 2002	194,693	
Accelerated capital allowances	23,498	
Corporation tax rate movement	(85,937)	
Balance at 31st December 2002	<u>132,254</u>	

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002 £	2001 £
100,000	Ordinary shares	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002 £	2001 £
66,000	Ordinary shares	£1	<u>66,000</u>	<u>66,000</u>

15. SHARE PREMIUM

	2002 £	2001 £
Brought forward	<u>9,000</u>	<u>9,000</u>



# EDWARD FOX & SON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2002

### 16. PENSION COMMITMENTS

The company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31st March 2000 and updated to 31st December 2002 by a qualified independent actuary. The major assumptions used by the actuary were:

	2002	2001
Rate of increase in salaries	3.25%	3.5%
Rate of increase in pensions in payment	2.25%	2.5%
Rate of increase in deferred pensions	2.25%	5.0%
Discount rate for scheme liabilities	5.50%	5.7%
Inflation assumption	2.25%	2.5%

The assets in the scheme at 31 December 2002 and the expected rate of return were:

		2002 £	2001 £
Equities	8.0%	1,106,000	1,405,000
Bonds	5.5%	405,000	364,000
Other	4.0%	48,000	45,000
Total market value of assets		1,559,000	1,814,000
Present value of scheme liabilities		(1,706,000)	(1,639,000)
(Deficit) / Surplus in scheme		(147,000)	175,000
Net pension (liability)/ asset		(147,000)	175,000

### 17. ULTIMATE PARENT COMPANY

The company's ultimate holding company is Edward Fox Holdings Limited, registered in England and Wales.

### 18. RELATED PARTY DISCLOSURES

The company is under the control of Mr L R Alfrey who owns 60% of the issued ordinary share capital of the ultimate holding company.

Dividends of £146,283 (2001 £99,036) were paid to the holding company during the year. The holding company was owed £62,920 (2001 £90,673) at the year end.

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

	2002 £	2001 £
Profit for the financial year	288,873	417,152
Dividends	(146,283)	(99,036)
<b>Net addition to shareholders' funds</b>	<b>142,590</b>	<b>318,116</b>
Opening shareholders' funds	1,373,594	1,055,478
<b>Closing shareholders' funds</b>	<b>1,516,184</b>	<b>1,373,594</b>
Equity interests	1,516,184	1,373,594