

**Registered no: 247892**

**EDWARD FOX and SON LIMITED**

Annual report

for the year ended 31 December 1997



**EDWARD FOX and SON LIMITED**

**Annual report  
For the year ended 31 December 1997**

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**Directors' report  
for the year ended 31 December 1997**

The directors present their report and the audited financial statements for the year ended 31 December 1997.

**Principal activity**

The principal activity of the company is that of printer.

**Review of business and future developments**

The Directors consider the result for the period to be satisfactory.

**Financial results and dividends**

The profit for the year after taxation amounted to £189,446 (year ended 31 December 1996 profit £325,729) out of which a dividend of £77,351 is proposed, £37,500 of which has been paid, (year ended 31 December 1996 £102,000) leaving a profit of £112,095 (year ended 31 December 1996 £223,729) which has been taken to reserves.

**Directors**

The directors during the year, none of whom holds any shares in the company were as follows:

L R Allfrey  
C J Jewkes  
R J Keeley

The director retiring by rotation is Mr C J Jewkes who being eligible, offers himself for re-election.

The directors have no direct interest in the share capital of the company. Their beneficial interests in the share capital of the holding company were as follows:

	1997	1996
<b>Ordinary £1 shares</b>		
L R Allfrey	3,000	3,000
C J Jewkes	1,000	1,000
R J Keeley	1,000	1,000

**Changes in fixed assets**

The movements in fixed assets during the year, including the revaluation of assets, is set out in note 9 to the financial statements.

### **Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

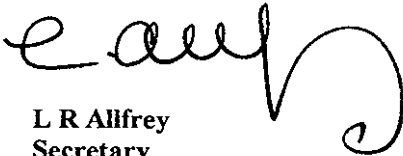
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

A resolution to reappoint the auditors, Daffern & Co, will be proposed at the Annual General Meeting.

**By order of the board**

A handwritten signature in black ink, appearing to read 'L R Allfrey', with a large, stylized flourish extending from the end of the signature.

**L R Allfrey**  
**Secretary**  
30 April 1998

## **Report of the auditors to the members of Edward Fox and Son Limited**

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 and 10.

### **Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

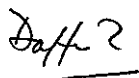
### **Basis of opinion**

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 at 31 December 1997 and of its profit, total recognised gains and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**DAFFERN & CO**  
**Chartered Accountants**  
**Registered Auditors**  
Warwick House  
32 Clarendon Street  
Leamington Spa  
Warwickshire  
CV32 4PG  
30 April 1998

**Profit and loss account  
for the year ended 31 December 1997**

	Notes	1997 £	1996 £
<b>Turnover</b>	<b>2</b>	<b>2,780,474</b>	<b>3,274,988</b>
<b>Cost of sales</b>		<b>1,509,226</b>	<b>1,743,998</b>
<b>Gross profit</b>		<b>1,271,248</b>	<b>1,530,990</b>
<b>Net operating expenses</b>		<b>1,006,267</b>	<b>1,032,377</b>
<b>Operating profit</b>		<b>264,981</b>	<b>498,613</b>
Interest receivable		19,757	14,890
Finance lease charges		(30,769)	(32,408)
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>253,969</b>	<b>481,095</b>
Taxation on profit on ordinary activities	<b>4</b>	64,523	155,366
<b>Profit on ordinary activities after Taxation</b>		<b>189,446</b>	<b>325,729</b>
Dividends	<b>5</b>	77,351	102,000
<b>Retained profit for the year</b>	<b>14</b>	<b>112,095</b>	<b>223,729</b>

**Continuing operations**

None of the company's activities were acquired or discontinued during the year.

**Total recognised gains and losses**

There are no recognised gains or losses in 1997 or 1996 other than the profit for the year shown above.

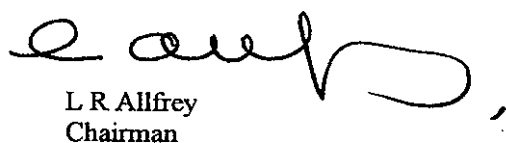
**Note of historical cost profit and losses**

	1997 £	1996 £
Reported profit on ordinary activities before taxation	253,969	481,095
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	21,282	12,315
Realisation of revaluation surpluses of previous years on assets sold in the year	-	11,999
Historical cost profit for the year retained before taxation and dividends	<u>275,251</u>	<u>505,409</u>
Historical cost profit for the year retained after taxation and dividends	<u>133,377</u>	<u>248,043</u>

**Balance sheet  
at 31 December 1997**

	Notes	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	9		504,133		574,112
<b>Current assets</b>					
Stocks	8	56,661		88,303	
Debtors and prepayments	10	585,354		531,359	
Cash at bank and in hand		267,655		237,982	
		<u>909,670</u>		<u>857,644</u>	
<b>Creditors:</b>					
Amounts falling due within one year	11	479,498		538,174	
<b>Net current assets</b>			<u>430,172</u>		<u>319,470</u>
<b>Total assets less current Liabilities</b>			934,305		893,582
<b>Creditors:</b>					
Amounts falling due after one year	12		259,943		331,315
<b>Net assets</b>			<u>674,362</u>		<u>562,267</u>
<b>Capital and reserves</b>					
Called up share capital	13		66,000		66,000
Share premium account			9,000		9,000
Revaluation reserve	14		74,324		95,606
Profit and loss account	14		525,038		391,661
<b>Equity Shareholders Funds</b>	15		<u>674,362</u>		<u>562,267</u>

These accounts on pages 4 to 16 were approved by the Board of Directors on 30 April 1998 and were signed on its behalf by:



L R Allfrey  
Chairman

The notes on pages 9 to 16 form part of these financial statements



**Cash flow statement  
for the year ended 31 December 1997**

**Reconciliation of operating profit to net cash inflow from operating activities**

	1997 £	1996 £
<b>Continuing operating activities</b>		
Operating profit	264,981	498,613
Depreciation charges	136,717	144,242
Gain on disposals	(5,993)	(4,500)
Decrease/(increase) in stocks	31,642	(6,459)
(Increase)/decrease in debtors	(53,995)	183,318
Increase/(decrease) in creditors	90,459	(103,487)
<b>Net cash inflow from continuing operating activities</b>	<u>463,811</u>	<u>711,727</u>

**Cash flow statement**

Net cash inflow from continuing Activities	463,811	711,727
Returns on investments and servicing of finance (note)	(11,012)	(17,518)
Taxation	(155,098)	(223,399)
Capital expenditure (note)	(60,745)	(50,842)
	<u>236,956</u>	<u>419,968</u>
Equity dividends paid	(112,500)	(57,000)
	<u>124,456</u>	<u>362,968</u>
Financing (note)	(94,783)	(112,264)
	<u>29,673</u>	<u>250,704</u>
<b>Increase in cash</b>	<u><u>29,673</u></u>	<u><u>250,704</u></u>

**Note to the cash flow statement**

	£	1997 £	£	1996 £
<b>Returns on investments and servicing of finance</b>				
Interest received	19,757		14,890	
Lease interest paid	<u>(30,769)</u>		<u>(32,408)</u>	
		<u>(11,012)</u>		<u>(17,518)</u>
<b>Capital expenditure</b>				
Payments to acquire tangible fixed assets	(67,175)		(55,342)	
Receipts from sales of tangible fixed assets	<u>6,430</u>		<u>4,500</u>	
		<u>(60,745)</u>		<u>(50,842)</u>
<b>Financing</b>				
Sale and leaseback of assets	<u>(94,783)</u>		<u>(112,264)</u>	
		<u>(94,783)</u>		<u>(112,264)</u>

**Notes to the financial statements  
for the year ended 31 December 1997****1 Holding company**

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

**2 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The accounts have been prepared on the historical cost basis of accounting as adjusted for the revaluation of fixed assets.

**Turnover**

Turnover represents the invoiced value, excluding value added tax, of goods supplied to customers.

**Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and estimated net realisable value. In the case of work in progress and finished goods, cost includes direct labour and the appropriate proportion of production overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

**Depreciation**

Fixed assets are depreciated at rates estimated to reduce them to their appropriate residual values at the end of their economic lives. The rates used are as follows:

Computer	either 25% or 20% per annum on cost
Plant and Machinery	either 10% or 7% per annum on cost
Fixtures and Fittings	either 10% or 20% per annum on cost
Motor Vehicles	either 33% or 25% per annum on cost

**Deferred taxation**

Tax deferred is accounted for, at current corporation tax rates, in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

**Leases**

Assets held under finance leases are included in tangible assets at cost and are depreciated over the shorter of the lease term or its useful life.

Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligation.

Operating leases are written off on a straight line basis over the period of the lease.

**Pension scheme arrangements**

The company operates defined benefit pension schemes for employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds. The directors have a self administered pension scheme. The assets of the scheme are held separately from those of the company. Benefits to scheme members are determined by the available funds at retirement and the company is not obliged to meet any unfunded pension liabilities

**3 Profit on ordinary activities before taxation**

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation - owned assets	46,994	28,777
Depreciation - leased assets	89,723	115,465
Directors' emoluments	311,669	350,806
Auditors' remuneration	7,426	8,424
Other operating leases	63,000	55,000
	<hr/>	<hr/>
And after crediting:		
Profit on sale of fixed assets	5,993	4,500
Interest receivable	19,757	14,890
	<hr/>	<hr/>

**4 Tax on profit on ordinary activities**

	1997 £	1996 £
United Kingdom corporation tax at 31% (1996 33%):		
Current	69,375	155,366
Over Provision in respect of prior years:		
Current	(4,852)	-
	<hr/>	<hr/>
	64,523	155,366
	<hr/>	<hr/>

**5 Dividends**

	1997 £	1996 £
Interim	37,500	27,000
Proposed - final	39,851	75,000
	<hr/>	<hr/>
	77,351	102,000
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**6 Directors' emoluments**

	1997 £	1996 £
Other emoluments (including pension contributions and benefits in kind)	<u>311,669</u>	<u>352,241</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1997 £	1996 £
The Chairman and highest paid director	<u>101,852</u>	<u>81,136</u>

The number of directors (including the chairman and highest paid director) who received fees and other emoluments (excluding pension contributions) within the following ranges was:

	1997 Number	1996 Number
£50,001 to £55,000	1	2
£55,001 to £60,000	1	-
£80,001 to £85,000	-	1
£100,001 to £105,000	1	-

**7 Employee information**

The average number of persons employed by the company (including executive directors) during the year was:

	1997 Number	1996 Number
By activity		
Management and General administration	7	8
Production	29	29
Sales	4	3
Executive directors	3	3
	<u>—</u>	<u>—</u>
Total	<u>43</u>	<u>43</u>

	1997 £	1996 £
Staff costs (for the above persons):		
Wages and Salaries	746,040	730,095
Social Security costs	74,083	76,944
Pension costs	185,696	221,183
Mortgage Subsidy costs	4,268	3,161
	<u>1,010,087</u>	<u>1,031,383</u>

### Pension costs

a). Until 12 December 1995, the employees of Edward Fox & Son Limited were entitled to join the Edward Fox & Son (1984) Retirement Benefit Scheme. Since 12 December 1995, no new members have been admitted to the scheme.

b). The scheme is a defined benefit scheme established with effect from 1 April 1984 under a trust deed dated 30 March 1984.

c). The scheme is funded under the projected units cost method whereby a contribution as recommended by the actuaries is paid into the scheme at the following rates: Members - 5% of salaries and the Company - 10.5% of salaries plus the cost of insuring the benefits payable on death in service.

d). The most recent actuarial valuation was performed by the Pensions Actuary of the NFU Mutual Insurance Society Ltd as at 1 April 1994.

e). The results of the valuation indicate that the assets of the scheme are sufficient to meet current and future liabilities.

f). The next actuarial valuation is currently being prepared.

g). The number of directors to whom retirement benefits were accruing were as follows:

	1997 Number	1996 Number
Defined benefit scheme	<u>3</u>	<u>3</u>

### 8 Stocks

	1997 £	1996 £
Raw materials	38,022	51,852
Work in Progress	18,639	36,451
	<u>56,661</u>	<u>88,303</u>

## 9 Tangible fixed assets

a). Fixed assets included at cost or valuation and related depreciation:

	Plant and machinery £	Fixtures and fittings £	Motor Vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 1997	1,528,231	44,202	124,887	1,697,320
Additions	6,895	-	60,280	67,175
Disposals	(1,138)	(31)	(42,926)	(44,095)
<b>At 31 December 1997</b>	<b>1,533,988</b>	<b>44,171</b>	<b>142,241</b>	<b>1,720,400</b>
<b>Depreciation</b>				
At 1 January 1997	1,014,833	30,882	77,493	1,123,208
Charge for the year	101,612	4,524	30,581	136,717
Disposals	(1,138)	(31)	(42,489)	(43,658)
<b>At 31 December 1997</b>	<b>1,115,307</b>	<b>35,375</b>	<b>65,585</b>	<b>1,216,267</b>
<b>Net Book Value</b>				
<b>At 31 December 1997</b>	<b>418,681</b>	<b>8,796</b>	<b>76,656</b>	<b>504,133</b>
At 31 December 1996	513,398	13,320	47,394	574,112

Fixed assets with a net book value of £342,182 are held under finance leases.

b). Historical cost and related depreciation of fixed assets:

	Plant and machinery £	Fixtures and fittings £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 January 1997	1,142,373	44,202	119,481	1,306,056
Additions	6,895	-	60,280	67,175
Disposals	(1,138)	(31)	(40,736)	(41,905)
<b>At 31 December 1997</b>	<b>1,148,130</b>	<b>44,171</b>	<b>139,025</b>	<b>1,331,326</b>
<b>Depreciation</b>				
At 1 January 1997	773,803	30,759	77,551	882,113
Charge for the year	83,624	4,488	27,323	115,435
Disposals	(1,138)	(31)	(40,736)	(41,905)
<b>At 31 December 1997</b>	<b>856,289</b>	<b>35,216</b>	<b>64,138</b>	<b>955,643</b>
<b>Net Book Value</b>				
<b>At 31 December 1997</b>	<b>291,841</b>	<b>8,955</b>	<b>74,887</b>	<b>375,683</b>
At 31 December 1996	360,570	13,443	41,930	423,943

**10 Debtors**

	1997 £	1996 £
Trade debtors	548,247	490,592
Other debtors	7,299	2,197
Prepayments	29,808	38,570
	<u>585,354</u>	<u>531,359</u>

**11 Creditors: amounts falling due within one year**

	1997 £	1996 £
Holding company	29,813	21,124
Proposed dividends	39,851	75,000
Trade creditors	259,849	138,406
Lease creditor	71,371	94,783
Corporation tax	42,857	155,366
Other taxation	11,012	21,285
Social security	10,124	12,768
Other creditors	242	1,236
Accruals	14,379	18,206
	<u>479,498</u>	<u>538,174</u>

**12 Creditors: amounts falling due after one year**

	1997 £	1996 £
Lease creditor	<u>259,943</u>	<u>331,315</u>



**13 Called up Share capital**

	1997 £	1996 £
Authorised: 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid: 66,000 Ordinary shares of £1 each	<u>66,000</u>	<u>66,000</u>

**14 Share premium account and reserves**

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 January 1997	9,000	95,606	391,661
Transfer from revaluation reserve to profit and loss account	-	(21,282)	21,282
Retained profit for the year	-	-	112,095
At 31 December 1997	<u>9,000</u>	<u>74,324</u>	<u>525,038</u>

**15 Reconciliation of movements in shareholders' funds**

	1997 £	1996 £
Profit for the financial year	189,446	325,729
Dividends	<u>77,351</u>	<u>102,000</u>
Net addition to shareholders' funds	112,095	223,729
Opening shareholders' funds	<u>562,267</u>	<u>338,538</u>
Closing shareholders' funds	<u>674,362</u>	<u>562,267</u>

## 16 Financial commitments

The company has the following annual commitments in respect of operating leases which expire as follows:-

Land and buildings	1997 £	1996 £
After five years	<u>63,500</u>	<u>63,500</u>

The future minimum lease payments to which the company is committed under finance leases are as follows:

	1997 £	1996 £
Within one year	71,371	94,782
Between one and two years	70,171	71,371
Between two and five years	189,772	208,515
Over five years	-	51,429
	<u>331,314</u>	<u>426,097</u>
Obligations payable within one year	71,371	94,782
Obligations payable after one year	<u>259,943</u>	<u>331,315</u>
	<u>331,314</u>	<u>426,097</u>

## 17 Related Party Transactions

The company is under the control of the directors who own 100% of the issued ordinary share capital of the ultimate holding company.

## 18 Contingent Liabilities

The company has provided security for a loan taken out by its parent company, Edward Fox Holdings Limited. The maximum contingent liability as at 31 December 1997 was £42,264 (1996 £54,185).