

WEBB IVORY (BURTON) LIMITED

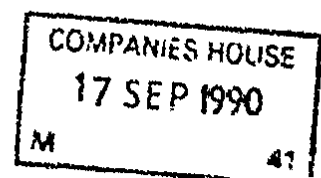
DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

for the year ended

31ST MARCH 1990



WEBB IVORY (BURTON) LIMITED

A wholly owned subsidiary of Fine Art Developments p.l.c. incorporated in England.

DIRECTORS' REPORT

The directors submit their annual report and audited financial statements for the year ended 31st March 1990.

1. Directors

The directors at 31st March 1990 were:-

K. Chapman
A. Gentles
D.A. Johnson
I. MacDonald
D.I.M. Wallace

The undermentioned has also been a director of the company during the year:-

M.R. Wilton (resigned 30.3.90)

There are no arrangements between the company and any director whereby a director is able to obtain a benefit by the acquisition of shares or debentures of this company or any other body corporate.

None of the directors has any interest in any shares of the company.

The following director, not being a director of the ultimate holding company, has interests in the shares of that company as follows:-

	<u>31.3.90</u>	<u>31.3.89</u>
I. MacDonald - option shares	2,276	2,276

The option shares have been granted under the Fine Art Developments p.l.c. Savings Related Share Option Scheme as follows:-

Option price	65p
Normal option date	30.4.1990

WEBB IVORY (BURTON) LIMITED

DIRECTORS' REPORT (continued)

2. Principal Activities and Business Review

The principal activities of the company continued to be the publication and distribution of greeting cards, calendars, general stationery and merchandise.

The company was successful in achieving a significant increase in turnover of almost 24%. This increase was obtained both through organic growth and increases in the customer base.

3. Profit and Loss Account

The net profit before tax on ordinary activities for the year amounted to £1,151,217.

United Kingdom corporation tax amounted to £371,289 and after providing for dividend the balance on the profit and loss account remains unchanged at £130,463.

4. Dividend

The directors recommend payment of a dividend in respect of the year of £779,928 on the ordinary shares and, subject to approval, this will be paid on 5th July 1990.

5. Fixed Assets

Expenditure on tangible fixed assets during the year amounted to £91,314.

6. Employees

The company conforms to health and safety arrangements as required under the Health and Safety at Work etc. Act 1974 and has drawn to the attention of employees the company's policy in that respect.

The company recognises its social and statutory duty to employ disabled persons and pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others.

Information to employees regarding the company and factors affecting its performance is provided through normal management channels and regular consultation.

7. Auditors

BDO Binder Hamlyn have notified their willingness to continue as auditors of the company and their re-appointment will be proposed at the annual general meeting.

Dawson Lane
Sudley Hill
Bradford
West Yorkshire
BD4 6RW

By order of the Board


D. Hale
Secretary

24 May 1990

AUDITORS' REPORT TO THE MEMBERS OF WEBB IVORY (BURTON) LIMITED

31ST MARCH 1990

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO Binder Hamlyn
Chartered Accountants
Birmingham

24 May 1990

WEBB IVORY (BURTON) LIMITED

ACCOUNTING POLICIES

31ST MARCH 1990

1. Basis of preparation

The company's financial statements are prepared under the historical cost convention.

2. Stocks

Stocks are stated at the lower of cost and net realisable value.

3. Depreciation

Low cost items are written off in the year of purchase.

The following rate is expected to write off all other assets evenly over their estimated useful lives:

Rate

Plant and equipment

Up to 25%

4. Deferred tax

Deferred taxation relating to the excess of capital allowances over depreciation and other timing differences is provided in the accounts except to the extent that a liability is not expected to crystallise.

5. Leases

Rentals under operating leases are written off as incurred.

6. Pension costs

Pension costs are charged to the profit and loss account on a systematic and rational basis over the period during which the Company derives benefit from the employees' services. This is a change of accounting policy following the adoption of Statement of Standard Accounting Practice Number 24. In previous years the charge to the profit and loss account comprised the actual contribution made by the Company to the scheme. This change in accounting policy has had no material effect on the current year's trading results.

WEBB IVORY (BURTON) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH 1990

		<u>1990</u>	<u>1989</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
TURNOVER		19,757,645	15,979,437
Cost of goods sold		13,283,922	10,620,589
GROSS PROFIT		6,473,723	5,358,848
Distribution and administrative costs	2	5,269,092	4,541,704
OPERATING PROFIT		1,204,631	817,144
Income from shares in group companies		86,954	34,131
		1,291,585	851,275
Interest (payable)/receivable	3	(140,368)	11,683
PROFIT BEFORE TAX ON ORDINARY ACTIVITIES	1	1,151,217	862,958
Tax	4	371,289	285,450
PROFIT AFTER TAX ATTRIBUTABLE TO THE COMPANY		779,928	577,508
Proposed dividend		779,928	577,508
RETAINED PROFIT FOR YEAR		-	-
Favourable balance brought forward		130,463	130,463
Favourable balance carried forward		130,463	£130,463

The accounting policies on page 4 and the notes on pages 8 to 12 form part of these financial statements.

BALANCE SHEET AS AT 31ST MARCH 1990

Approved by the ~~Board~~ 24th May 1990

Barney John

Directors

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WEBB IVORY (BURTON) LIMITED
SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31ST MARCH 1990

	<u>1990</u>		<u>1989</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
SOURCE OF FUNDS				
From revenue sources:				
Profit before tax on ordinary activities	1,151,217		862,958	
Dividends received	34,131		7,808	
Tax received	<u>1,202</u>		<u>-</u>	
		1,186,550		870,766
Adjustment for items not involving the movement of funds:				
Depreciation	43,790		37,855	
Income from shares in subsidiaries	<u>(86,954)</u>		<u>(34,131)</u>	
		(43,164)		3,724
		<u>£1,143,386</u>		<u>£874,490</u>
APPLICATION OF FUNDS				
For revenue purposes:				
Tax paid	-		199,948	
Dividend paid	<u>577,508</u>		<u>359,051</u>	
		577,508		558,999
For capital purposes:				
Purchase of tangible fixed assets		91,314		20,737
Increase/(decrease) in working capital:				
Stocks	2,066,705		(235,092)	
Debtors	(564,641)		972,859	
Creditors	<u>350,034</u>		<u>(245,630)</u>	
		1,852,098		492,137
		<u>2,520,920</u>		<u>1,071,873</u>
INCREASE/(DECREASE) IN SHORT TERM FUNDS				
Bank and cash	1,820,447		1,016,037	
Group companies	<u>(3,197,981)</u>		<u>(1,213,420)</u>	
		(1,377,534)		(197,383)
		<u>£1,143,386</u>		<u>£ 874,490</u>

WEBB IVORY (BURTON) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

31ST MARCH 1990

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
1. <u>PROFIT BEFORE TAX ON ORDINARY ACTIVITIES</u>		
Profit before tax on ordinary activities is stated after charging/(crediting):		
Other income - net rent receivable	(250)	(250)
Directors' emoluments (see note 5)	54,239	48,936
Depreciation	43,790	37,855
Auditors' remuneration	10,050	9,782
Hire of plant and machinery - operating leases	22,448	18,774
2. <u>DISTRIBUTION AND ADMINISTRATIVE COSTS</u>		
Distribution costs	2,940,473	2,405,591
Administrative expenses	2,328,619	2,136,113
	<u>£ 5,269,092</u>	<u>£ 4,541,704</u>
3. <u>INTEREST PAYABLE/(RECEIVABLE)</u>		
On net bank deposits	24,368	(99,683)
Group	116,000	88,000
	<u>£ 140,368</u>	<u>£ (11,683)</u>
Group interest is charged by the parent company on the company's share of group borrowings.		
4. <u>TAX</u>		
U.K. corporation tax at 35%	372,346	294,695
Deferred tax relief at 35%	(855)	(4,606)
Based on the profit of the year	372,491	290,089
Prior year adjustments	(1,202)	(4,639)
	<u>£ 371,289</u>	<u>£ 285,450</u>

WEBB IVORY (BURTON) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31ST MARCH 1990

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
5. <u>DIRECTORS AND EMPLOYEES</u>		
<u>Staff including directors</u>		
Wages and salaries	2,315,012	1,272,619
Social security costs	170,309	99,618
	<u>£2,485,321</u>	<u>£1,372,237</u>

<u>Average number of employees</u>	<u>1990</u>	<u>1989</u>
Administration	59	42
Selling/Distribution	314	195
	<u>373</u>	<u>237</u>

Directors and senior employees

Remuneration of the chairman	£Nil	£Nil
Highest paid director	£30,561	£28,149

Other directors were within the following ranges:

	<u>No. of directors</u>	
	<u>1990</u>	<u>1989</u>
£0 to £5,000	3	6
£5,001 to £10,000	-	1
£10,001 to £15,000	-	1
£20,001 to £25,000	1	-

No employee received emoluments in excess of £30,000 (1989 None)

6. FIXED ASSETS - TANGIBLE

	<u>Cost</u>	<u>Depreciation</u>	<u>Net book value</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Plant and equipment			
At 31st March 1989	400,454	253,064	147,390
Purchases	91,314	-	91,314
Provision for year	-	43,790	(43,790)
At 31st March 1990	<u>£491,768</u>	<u>£296,854</u>	<u>£194,914</u>

WEBB IVORY (BURTON) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31ST MARCH 1990

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
7. <u>FIXED ASSETS - INVESTMENTS</u>		
<u>At Cost</u>		
Shares in subsidiaries at 31.3.89 and 31.3.90	<u>£1,106</u>	<u>£1,106</u>
Subsidiaries (all wholly owned)		
<u>Name</u>	<u>Principal Activity</u>	
Studio Cards Limited	Dormant	
Selective Paper Group Limited	Dormant	
Care Cards Limited	Greeting card publishing/distribution	
Ivory Cards Limited	Dormant	
Yuletide Cards Limited	Dormant	
Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of another body corporate.		
	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
8. <u>STOCKS</u>		
Work in progress	141,741	59,388
Finished stock	2,918,522	934,170
	<u>£3,060,263</u>	<u>£993,558</u>
9. <u>DEBTORS</u>		
<u>Due within one year</u>		
Trade debtors	1,479,957	2,342,229
Amounts due from group companies		
Holding company and fellow subsidiaries	301,991	96,595
Prepayments and accrued income	447,995	150,364
Dividend receivable from subsidiary	80,752	34,131
	<u>£2,316,897</u>	<u>£2,623,319</u>

WEBB IVORY (BURTON) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31ST MARCH 1990

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
10. <u>CREDITORS DUE WITHIN ONE YEAR</u>		
Trade creditors	305,047	380,256
Amounts due to group companies		
Holding company and fellow subsidiaries	7,985,896	4,582,519
Corporation tax	668,041	294,695
Taxation including V.A.T. and social security	287,297	336,660
Other creditors	1,302	1,460
Accruals and deferred income	124,260	349,564
Proposed dividend	779,928	577,508
	<u>£10,151,771</u>	<u>£6,522,662</u>
11. <u>PROVISION FOR LIABILITIES AND CHARGES</u>		
Provision for deferred tax		
At 31st March 1990	25,659	31,149
Transfer to profit and loss account	(855)	(5,490)
At 31st March 1990	<u>£ 24,804</u>	<u>£ 25,659</u>
Analysis:		
Accelerated capital allowances	<u>£ 24,804</u>	<u>£ 25,659</u>
12. <u>SHARE CAPITAL</u>		
Authorised, allotted, issued and fully paid: 100,000 ordinary shares of £1 each	<u>£100,000</u>	<u>£ 100,000</u>

13. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

Guarantees

The company, its holding company and certain of its fellow subsidiaries have entered into cross guarantees at the request of certain of the group's bankers.

Pension commitments

Employees of the company are eligible to become members of the Fine Art Developments plc Group Pension Scheme. This is a defined benefit scheme, the assets of which are held in a separate trustee administered fund. Contributions are based on pension costs across all participating companies in the group scheme. Particulars of the most recent actuarial valuation of the group scheme are contained in the financial statements of Fine Art Developments plc.

WEBB IVORY (BURTON) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31ST MARCH 1990

	<u>1990</u>	<u>1989</u>
<u>Leases</u>	Plant and equipment	Plant and equipment
	<u>£</u>	<u>£</u>
Operating lease commitments expiring		
Within one year	335	335
In the second to fifth year	28,203	46,166
After five years	6,606	-
	<u>£ 35,144</u>	<u>£46,501</u>

14. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company to be Fine Art Developments p.l.c. incorporated in England.