

Company Registration No 1523936 (England and Wales)

BROGLIA PRESS 86 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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BROGLIA PRESS 86 LIMITED

COMPANY INFORMATION

Directors	D Storey S Wye	(Appointed 28 April 2006)
Secretary	P Unadkat	
Company number	1523936	
Registered office	Gold Group House Godstone Road Whyteleafe Surrey CR3 0GG	
Auditors	Mazars LLP 3 Sheldon Square London W2 6PS	

BROGLIA PRESS 86 LIMITED

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BROGLIA PRESS 86 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2006

The directors present their report and financial statements for the year ended 30 June 2006

Principal activities and review of the business

The principal activity of the company continued to be that of printing and publishing

The results for the year and the financial position at the year end were considered satisfactory by the directors who anticipate the company to be profitable in the future

Financial Instruments

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risks, liquidity risk and interest rate risk

The company has in place a risk management programme that seeks to limit the possible adverse effects on the financial performance of the company by monitoring levels of cash and performing a thorough appraisal of any potential new projects. The company does not use derivative financial instruments or manage interest rate costs and, as such, no hedge accounting is applied

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set by the board of directors. The department has specific guidelines agreed by the directors to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before new accounts are accepted. If debt finance were to be utilised, it would be subject to pre-approval by the board of directors

The amount of exposure to any individual counterparty is limited and is reassessed annually by the board

Liquidity and cash flow risk

The directors consider the company to have sufficient available funds for operations. Any debt finance would have to be approved by the board of directors before it was taken on

Interest rate risk

The company has interest bearing assets, but no such liabilities. Interest bearing assets include only cash balances that earn interest at a floating rate

Price risk

Expenditure made by the company is authorised prior to it being made by management in order to ensure that goods and services aren't obtained at a higher price than necessary

Key performance indicators

The company constantly monitors a number of Key Performance Indicators ("KPI") to ensure optimal business performance. Analysis is maintained on sales, actuals against forecast and budget, stock holdings and stock turnover and margin rates

Results and dividends

The results for the year are set out on page 6

The directors do not propose the payment of a dividend (2005 - £nil)

BROGLIA PRESS 86 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

Directors

The following directors have held office since 1 July 2005

D Storey	(Appointed 28 April 2006)
S Wye	
G Storey	(Resigned 29 September 2006)

Directors' interests

The directors' held no direct interests in the company at any point during this or the preceeding year

Charitable donations	2006	2005
	£	£

During the year the company made the following payments

Charitable donations	3,244	955
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Auditors

With effect from 16 April 2007, MRI Moores Rowland LLP merged its business with that of Mazars LLP, following which MRI Moores Rowland LLP resigned as auditors to the company. The directors have appointed Mazars LLP to fill the casual vacancy caused by their resignation. The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore the auditors, Mazars LLP, will be deemed to be reappointed for each succeeding financial year.

BROGLIA PRESS 86 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S Wye

Director

19/10/07

BROGLIA PRESS 86 LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BROGLIA PRESS 86 LIMITED

We have audited the financial statements of Broglia Press 86 Limited for the year ended 30 June 2006 set out on pages 6 to 15. These financial statements have been prepared under 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

BROGLIA PRESS 86 LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF BROGLIA PRESS 86 LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuing availability of the financial support provided by the ultimate parent undertaking. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Mazars LLP

Mazars LLP

**Chartered Accountants
Registered Auditor**

19/10/07

3 Sheldon Square

**London
W2 6PS**

BROGLIA PRESS 86 LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £	2005 £
Turnover	2	7,415,617	6,785,290
Cost of sales		(5,517,682)	(4,912,334)
Gross profit		1,897,935	1,872,956
Distribution costs		(452,165)	(334,009)
Administrative expenses		(1,604,588)	(1,647,976)
Other operating income		27,103	35,640
Operating loss	3	(131,715)	(73,389)
Interest payable and similar charges	4	(69,060)	(84,250)
Loss on ordinary activities before taxation		(200,775)	(157,639)
Tax on loss on ordinary activities	5	65,949	27,821
Loss on ordinary activities after taxation	12	(134,826)	(129,818)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 8 to 15 form an integral part of these financial statements

BROGLIA PRESS 86 LIMITED

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	6	630,571		851,011	
Current assets					
Stocks	7	246,882		260,217	
Debtors	8	1,502,016		1,399,228	
Cash at bank and in hand		266		265	
		<u>1,749,164</u>		<u>1,659,710</u>	
Creditors' amounts falling due within one year	9	<u>(3,236,969)</u>		<u>(3,233,129)</u>	
Net current liabilities			<u>(1,487,805)</u>		<u>(1,573,419)</u>
Total assets less current liabilities			<u>(857,234)</u>		<u>(722,408)</u>
Capital and reserves					
Called up share capital	11	500,240		500,240	
Profit and loss account	12	(1,357,474)		(1,222,648)	
Shareholders' funds	13	<u>(857,234)</u>		<u>(722,408)</u>	
Equity interests		(1,357,234)		(1,222,408)	
Non-equity interests		500,000		500,000	
		<u>(857,234)</u>		<u>(722,408)</u>	

The financial statements were approved by the Board on 19/10/07



S Wye
Director

The notes on pages 8 to 15 form an integral part of these financial statements

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The company has taken advantage of the exemption provided by Financial Reporting Standard 1 Cash Flow Statements (revised) for wholly owned subsidiaries where the parent company's financial statements include a consolidated cash flow statement. Consequently the company has not prepared a cash flow statement for the year.

The financial statements have been prepared on a going concern basis. Due to the financial position of the company, the validity of this basis is conditional upon the continued support of the company's ultimate parent undertaking Gold Group International Limited.

The directors of the company have received assurances from the parent undertaking, Gold Group International Limited, that it will continue to support the company to enable it to meet its liabilities as they fall due for at least the next 12 months from the date of approval of these accounts. The parent undertaking is not however legally bound by these assurances.

Should the company be unable to continue trading as a result of the withdrawal of support of the parent undertaking, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% to 25% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads, depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

1 Accounting policies (continued)

1.6 Pensions

The company contributes to defined contribution pension policies individually held by directors and staff. Contributions to these funds are charged to the profit and loss account as and when they fall due.

1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.8 Corresponding amounts

In certain cases the directors have reanalysed corresponding amounts to make their disclosure more meaningful.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2006 £	2005 £
Operating loss is stated after charging		
Depreciation of tangible assets		
- Owned assets	69,523	197,870
- Leased assets	185,150	187,014
Operating lease rentals - land and buildings	160,166	147,776
Auditors' remuneration	8,500	6,100
and after crediting		
Profit on disposal of tangible assets	(46,144)	(2,402)

4 Interest payable	2006 £	2005 £
On bank loans and overdrafts	65,717	65,021
Hire purchase interest	3,343	19,229
	<u>69,060</u>	<u>84,250</u>

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

5	Taxation	2006 £	2005 £
	Domestic current year tax		
	Receipt in respect of group relief	(65,949)	(27,821)
	Current tax charge	<u>(65,949)</u>	<u>(27,821)</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(200,775)</u>	<u>(157,639)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	<u>(60,233)</u>	<u>(47,292)</u>
	Effects of		
	Non deductible expenses	4,783	2,036
	Depreciation add back	76,402	77,469
	Capital allowances	(73,058)	(59,313)
	Chargeable disposals	<u>(13,843)</u>	<u>(721)</u>
		<u>(5,716)</u>	<u>19,471</u>
	Current tax charge	<u>(65,949)</u>	<u>(27,821)</u>

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

6 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2005	5,173,909	888,865	110,280	6,173,054
Additions	7,092	34,543	3,375	45,010
Disposals	(94,114)	-	(66,195)	(160,309)
At 30 June 2006	5,086,887	923,408	47,460	6,057,755
Depreciation				
At 1 July 2005	4,381,378	857,613	83,052	5,322,043
On disposals	(94,114)	-	(55,418)	(149,532)
Charge for the year	222,909	17,571	14,193	254,673
At 30 June 2006	4,510,173	875,184	41,827	5,427,184
Net book value				
At 30 June 2006	576,714	48,224	5,633	630,571
At 30 June 2005	792,531	31,252	27,228	851,011

The net book value of fixed assets above includes £nil (2005 - £714,921) in respect of assets held under finance leases and hire purchase contracts, the depreciation on which is disclosed in note 3

7 Stocks and work in progress

	2006 £	2005 £
Raw materials and consumables	95,596	131,144
Work in progress	151,286	129,073
	246,882	260,217

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

8 Debtors	2006 £	2005 £
Trade debtors	1,317,001	922,767
Amounts owed by group undertakings	27,496	284,859
Other debtors	45,820	19,552
Prepayments and accrued income	111,699	172,050
	<u>1,502,016</u>	<u>1,399,228</u>

9 Creditors amounts falling due within one year	2006 £	2005 £
Bank loans and overdrafts	1,891,941	1,446,238
Net obligations under finance lease and hire purchase contracts	-	157,276
Trade creditors	1,130,386	1,034,104
Amounts owed to group undertakings	6,741	376,177
Taxes and social security costs	71,102	69,704
Accruals and deferred income	136,799	149,630
	<u>3,236,969</u>	<u>3,233,129</u>

The bank overdraft is secured by a cross guarantee (see note 14) with other group companies

Net obligations under finance leases and hire purchase contracts

Repayable within one year	-	157,276
Finance charges and interest allocated to future accounting periods	-	-
	<u>-</u>	<u>157,276</u>

10 Pension costs

The company contributes to defined contribution pension policies held individually by directors and staff. The pension cost charge represents contributions payable by the company in the year to these policies and amounted to £24,855 (2005 - £22,770).

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

11 Share capital	2006	2005
	£	£
Authorised		
500 Ordinary 'A' shares of £1 each	500	500
500 Ordinary 'B' shares of £1 each	500	500
500,000 6% Cumulative redeemable preference shares of £1 each	500,000	500,000
	<u>501,000</u>	<u>501,000</u>
Allotted, called up and fully paid		
120 Ordinary 'A' shares of £1 each	120	120
120 Ordinary 'B' shares of £1 each	120	120
500,000 6% Cumulative redeemable preference shares of £1 each	500,000	500,000
	<u>500,240</u>	<u>500,240</u>
<p>As at 30 June 2006 there were arrears on the payment of the dividends on the 500,000 Cumulative redeemable preference shares of £300,000 (2005 - £270,000). The company does not consider that it has sufficient reserves to make the payment and will account for the dividend when it is paid.</p> <p>The company has the option at any time to redeem the whole or any number of the preference shares in issue. The holders of the shares must be given not less than one month's prior notice of the proposed redemption date. On redemption all arrears and accruals of the fixed preference dividend must be paid or satisfied in full, together with an amount calculated on a pro rata basis from the beginning of the financial period to the date of redemption.</p>		
12 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 July 2005		(1,222,648)
Loss for the year		<u>(134,826)</u>
Balance at 30 June 2006		<u>(1,357,474)</u>
13 Reconciliation of movements in shareholders' funds	2006	2005
	£	£
Loss for the financial year	(134,826)	(129,818)
Opening shareholders' funds	<u>(722,408)</u>	<u>(592,590)</u>
Closing shareholders' funds	<u>(857,234)</u>	<u>(722,408)</u>

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

14 Contingent liabilities

The company has given a cross guarantee to secure the banking arrangements of the group. At the balance sheet date the group's indebtedness to its bankers under this arrangement was £nil (2005 - £nil).

15 Financial commitments

At 30 June 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2007

	Land and buildings			Other
	2006	2005	2006	2005
	£	£	£	£
Operating leases which expire				
Within one year	121,125	159,776	44,439	7,600

16 Capital commitments

At the year end, Broglia Press 86 Limited had entered into an agreement to purchase £68,025 of software upgrades and equipment.

17 Directors' emoluments

	2006	2005
	£	£
Emoluments for qualifying services	67,275	49,282
	67,275	49,282
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	49,775	49,282

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Production staff	65	67
Office and management	24	23
	<u>89</u>	<u>90</u>

Employment costs

	£	£
Wages and salaries	2,263,476	2,139,169
Social security costs	254,259	251,612
Other pension costs	24,855	22,770
	<u>2,542,590</u>	<u>2,413,551</u>

19 Control

The ultimate parent undertaking and immediate controlling party at the balance sheet date continued to be Gold Group International Limited, a company registered in England and Wales

The company's ultimate controlling parties continued to be David Gold and Ralph Gold, majority shareholders of Gold Group International Limited

20 Related party transactions

The company is a wholly owned subsidiary of Gold Group International Limited and utilises the exemption contained in Financial Reporting Standard 8 Related Party Disclosures not to disclose any transactions with entities that are part of the Gold Group International group. The address at which the consolidated financial statements are publicly available is Gold Group House, Godstone Road, Whyteleafe, Surrey, CR3 0GG