Broglia Press 86 Limited

Registered number 1523936

Director's report and financial statements

For the year ended 30 June 2009

BROGLIA PRESS 86 LIMITED

COMPANY INFORMATION

Directors	S Wye (resigned 14 August 2009) D Storey (resigned 24 October 2008) A Marsden (appointed 9 July 2009)
Company number	1523936
Registered office	4 Cedar Park Cobham Road Ferndown Industrial Estate Wimborne BH21 7SF
Auditor	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

BROGLIA PRESS 86 LIMITED

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BROGLIA PRESS 86 LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2009

Registered number: 1523936

The director presents his report and the financial statements for the year ended 30 June 2009

Principal activities

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

Business review

The company reports turnover of £6 5m (2008 £6 6m) for the year ended 30 June 2009 The gross margin has decreased to 25 8% from 28 1% which was achieved in the previous year The decrease in gross margin is as a result of increased paper prices

The results for the year and the financial position at the year end were considered satisfactory by the director, who anticipates the company will trade profitably in the future

Results and dividends

The loss for the year, after taxation, amounted to £542,142 (2008 profit of £18,987) The loss includes a £470,133 impairment charge on the freehold property

The director does not recommend the payment of a dividend (2008 £nil)

Financial instruments

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, 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 Following the year end, the company set up an invoice discounting facility

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

Liquidity and cash flow risk

The director considers the company to have sufficient available funds for operations Any debt finance is required to be approved by the board before it is taken on

Interest rate risk

The company has interest bearing assets and liabilities Interest bearing assets include cash balances and interest bearing liabilities include bank overdraft, both of which attract interest at floating rates

Price risk

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

Key performance indicators

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

Directors

The directors who served during the year were

S Wye (resigned 14 August 2009)
D Storey (resigned 24 October 2008)

Directors' interests

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

Post balance sheet events

On 14 August 2009, Broglia Press 86 Limited was sold to New Broglia Press Limited, registered in England and Wales and wholly owned by A Marsden (a post year end director of the company) On the sale of the company the cross guarantee to secure the banking arrangements of the group was removed and the outstanding overdraft of £1,500,000 was repaid The repayment was financed partly from the sale of the Holton Road property and partly from a cash injection of £500,000 in the form of a loan made by New Broglia Press Limited Broglia Press 86 Limited is no longer part of the Gold Group and as such all post year end balances with Gold Group companies will no longer be classified as intercompany balances. On the same date, the company entered into an Invoice Discounting Agreement for a period of 12 months with RBS in order to ensure that the company has sufficient working capital The director believes that there is no immediate financial effect caused by the sale of the company

As part of the sale of Broglia Press 86 Limited, Gold Group Printing Limited will maintain a floating charge over the assets of Broglia as collateral for deferred consideration.

Prior to the completion of the above transaction, the property at 52 Holton Road was sold to Gold Group Printing Limited for its market value of £1,000,000

Statement of director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the director must not approve the financial statements unless they are satisfied that they 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006 He is 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

BROGLIA PRESS 86 LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2009

Provision of information to auditors

The director at the time when this director's report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 28 May 2010 and signed on its behalf

A Marsden
Director

INDEPENDENT AUDITOR'S 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 2009, which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report, including our opinion, has been prepared for and only for the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 director and auditors

As explained more fully in the statement of director's responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc org uk/apb/scope/UKNP

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BROGLIA PRESS 86 LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 1 to the financial statements concerning the company's ability to continue as a going concern During the year, the company incurred a net loss of £542,142 Following the year end, the company was sold to A Marsden, the sole director of the company He has made assurances that he will provide financial support to the company for the foreseeable future if required However, we have been unable to satisfy ourselves that A Marsden will be able to provide financial support and we consider this may indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Mazars LLP, Chartered Accountants (Statutory Auditor)

Richard Karmel (Senior Statutory Auditor)

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date 28 May 2010

BROGLIA PRESS 86 LIMITED

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible fixed assets	7		1,322,215		1,979,608
Current assets					
Stock	8	124,716		154,231	
Debtors	9	1,569,401		1,704,466	
Cash at bank and in hand		54		1,485	
		1,694,171		1,860,182	
Creditors: amounts falling due within one year	10	(2,815,679)		(3,027,812)	
Net current liabilities			(1,121,508)		(1,167,630)
Total assets less current liabilities			200,707		811,978
Creditors. amounts falling due after more than one year	11		(164,684)		(233,813)
Net assets			36,023		578,165
Capital and Reserves					
Called up share capital	12		500,339		500,339
Share premium account	13		674,901		674,901
Merger reserve	13		825,000		825,000
Profit and loss account	13		(1,964,217)		(1,422,075)
Shareholders' funds	14		36,023		578,165

Shareholders' funds include non-equity interests

The financial statements were approved and authorised for issue by the board and were signed on its behalf by the sole director on 28 May 2010

A Marsden
Director

The notes on pages 9 to 18 form part of these financial statements

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. **Accounting policies**

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 the going concern basis. Due to the financial position of the company, the validity of this basis is conditional upon the support of the director, A Marsden

Following the year end, the company has entered into a loan arrangement amounting to £500,000 with New Broglia Press Limited, a company owned by A Marsden Additionally, the company obtained an invoice discounting agreement for a period of 12 months with RBS, where the company will be able to draw down, at any time, up to 85% of the value of the notified trade debtors A Marsden has confirmed that should this agreement with RBS expire and the company was unable to generate enough working capital to settle its liabilities, he would provide the financial support required in order for the company to continue trading for the foreseeable future

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax 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 or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	over 75 years
Plant & machinery	-	10% to 25% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	25% straight line

1.4 Impairment of tangible fixed assets

Determining whether the freehold property is impaired requires an estimation of the market value In making their judgement, the director has considered information from a variety of aspects
-value based on sale of vacant premises using square foot per gross internal area,
-open market rental value which would value the property at its annual rental value based on current market rates, and
-investment value using the annual rental value for an occupied property gross of acquisition costs

1. Accounting policies (continued)

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company 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

1.6 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.9 Pensions

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

2. Turnover

The total turnover of the company for the year has been derived from its principal activity

All turnover arose within the United Kingdom

3. Other operating income

	2009 £	2008 £
Sundry income	30,191	35,967

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging

	2009 £	2008 £
Depreciation of tangible fixed assets		
- owned by the company	118,887	208,531
- held under finance leases	70,676	30,424
Auditors' remuneration	10,350	7,750
Auditors' remuneration - non-audit	3,200	2,950
Operating lease rentals		
- other operating leases	-	60,563
Impairment of freehold property	470,133	-

5. Interest payable

	2009 £	2008 £
On bank loans and overdrafts	42,419	97,351

6. Taxation

	2009	2008
	£	£
UK corporation tax charge on result for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (28%) The differences are explained below

	2009	2008
	£	£
(Loss)/ Profit on ordinary activities before tax	(542,142)	18,987
(Loss)/ Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008-29 5%)	(151,800)	5,601
Effects of:		
Expenses not deductible for tax purposes	136,148	5,666
Depreciation add back	46,378	35,747
Capital allowances	(31,439)	(44,821)
Group relief	5,303	(1,584)
Other	(4,590)	(609)
Current tax charge for the year (see note above)	-	-

7 Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost or valuation					
At 1 July 2008	1,500,000	4,803,285	17,829	737,713	7,058,827
Additions	-	-	-	2,303	2,303
Impairment	(470,133)	-	-	-	(470,133)
At 30 June 2009	1,029,867	4,803,285	17,829	740,016	6,590,997
Depreciation					
At 1 July 2008	10,000	4,379,654	17,829	671,736	5,079,219
Charge for the year	19,867	136,840	-	32,856	189,563
At 30 June 2009	29,867	4,516,494	17,829	704,592	5,268,782
Net book value					
At 30 June 2009	1,000,000	286,791	-	35,424	1,322,215
At 30 June 2008	1,490,000	423,631	-	65,977	1,979,608

The net book value and the depreciation charge of the assets held under finance leases or hire purchase contracts, included above, are as follows

	2009 £	2008 £
Plant and machinery	234,689	242,361

	2009 £	2008 £
Depreciation charged	70,676	30,424

A third party valuation of the freehold property was undertaken by Ellis and Partners, which valued the property at the year end at £1million. The basis of the valuation was upon investment value based upon the annual rental of the property

8 Stocks

	2009 £	2008 £
Raw matenals	101,364	87,831
Work in progress	23,352	66,400
	124,716	154,231

9. Debtors

	2009 £	2008 £
Trade debtors	1,222,465	1,296,700
Amounts owed by group undertakings	140,168	170,927
Other debtors	37,730	35,647
Prepayments and accrued income	169,038	201,192
	1,569,401	1,704,466

10. Creditors: Amounts falling due within one year

	2009 £	2008 £
Bank overdrafts	1,598,285	1,832,957
Net obligations under finance leases and hire purchase contracts	61,756	63,976
Trade creditors	1,007,338	942,307
Amounts owed to group undertakings	11,502	9,576
Social secunty and other taxes	57,297	62,425
Accruals and deferred income	79,501	116,571
	2,815,679	3,027,812

11. Creditors: Amounts falling due after more than one year

	2009 £	2008 £
Net obligations under finance leases and hire purchase contracts	164,684	233,813

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2009 £	2008 £
Between two and five years	164,684	233,813

12. Share capital

	2009 £	2008 £
Allotted, called up and fully paid		
219 Ordinary 'A' shares of £1 each	219	219
120 Ordinary 'B' shares of £1 each	120	120
500,000 6% Cumulative redeemable preference shares of £1 each	500,000	500,000
	500,339	500,339

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 Any declarations of dividends are entirely at the discretion of the director and, on redemption, all arrears and accruals of any dividends to be declared will be paid or satisfied in full

13. Reserves

	Share premium account £	Merger reserve £	Profit and loss account £
At 1 July 2008	674,901	825,000	(1,422,075)
Loss for the year	-	-	(542,142)
At 30 June 2009	674,901	825,000	(1,964,217)

14. Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Opening shareholders' funds/(deficit)	578,165	(940,822)
(Loss)/profit for the year	(542,142)	18,987
Shares issued during the year	-	99
Share premium on shares issued (net of expenses)	-	674,901
Movement on merger reserve	-	825,000
Closing shareholders' funds	36,023	578,165

15. Pension commitments

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 £23,012 (2008 £27,939) Included within other creditors is £5,147 (2008 £17,734) relating to unpaid pension contributions.

16. Operating lease commitments

At 30 June 2009 the company had annual commitments under non-cancellable operating leases as follows

	2009 £	Other 2008 £
Expiry date.		
Within 1 year	47,854	48,219

17. Director's remuneration

	2009 £	2008 £
Emoluments	28,463	82,983
Company pension contributions to money purchase pension schemes	4,409	10,290

During the year retirement benefits were accruing to 1 director (2008 - 1) in respect of money purchase pension schemes

18. Staff costs

Staff costs, including director's remuneration, were as follows

	2009 £	2008 £
Wages and salaries	2,168,235	2,223,961
Social security costs	212,475	226,867
Other pension costs	23,012	27,939
	2,403,722	2,478,767

The average monthly number of employees, including the director, during the year was as follows

	2009 No.	2008 No.
Production staff	61	62
Management	23	24
	84	86

19. 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 (2008 - £nil) Please see note 21

20. Related party transactions

At the year end the company was a wholly owned subsidiary of Gold Group Printing Limited and utilised the exemption contained in Financial Reporting Standard 8 Related Party Disclosures not to disclose any transactions with entities which were part of the GGI Holdings group The address at which the consolidated financial statements are publicly available is Gold Group House, Godstone Road, Whyteleafe, Surrey, CR3 0GG

21. Post balance sheet events

On 14 August 2009, Broglia Press 86 Limited was sold to New Broglia Press Limited, registered in England and Wales and wholly owned by A Marsden (a post year end director of the company) On the sale of the company the cross guarantee to secure the banking arrangements of the group was removed and the outstanding overdraft of £1,500,000 was repaid The repayment was financed partly from the sale of the Holton Road property and partly from a cash injection of £500,000 in the form of a loan made by New Broglia Press Limited. Broglia Press 86 Limited is no longer part of the Gold Group and as such all post year end balances with Gold Group companies will no longer be classified as intercompany balances On the same date, the company entered into an Invoice Discounting Agreement for a period of 12 months with RBS in order to ensure that the company has sufficient working capital The director believes that there is no immediate financial effect caused by the sale of the company

As part of the sale of Broglia Press 86 Limited, Gold Group Printing Limited will maintain a floating charge over the assets of Broglia as collateral for deferred consideration

Prior to the completion of the above transaction, the property at 52 Holton Road was sold to Gold Group Printing Limited for its market value of £1,000,000

22. Ultimate parent undertaking and controlling party

At the year end, the ultimate parent undertaking was GGI Holdings Limited and the immediate parent undertaking was Gold Group Printing Limited Both companies are registered in England and Wales

At the year end, the ultimate controlling party was D Gold, by virtue of his beneficial interest in the entire issued share capital of the ultimate parent undertaking

BROGLIA PRESS 86 LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 £	2008 £
Turnover	1,2	6,531,665	6,569,752
Cost of sales		(4,843,959)	(4,722,979)
Gross profit		1,687,706	1,846,773
Selling and distribution costs		(348,959)	(331,860)
Administrative expenses		(1,398,528)	(1,434,542)
Other operating income	3	30,191	35,967
Impairment of freehold property		(470,133)	-
Operating (loss)/profit	4	(499,723)	116,338
Interest payable	5	(42,419)	(97,351)
(Loss)/profit on ordinary activities before taxation		(542,142)	18,987
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit for the financial year	13	(542,142)	18,987

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account

The notes on pages 9 to 18 form part of these financial statements