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BROGLIA PRESS 86 LIMITED

FINANCIAL STATEMENTS

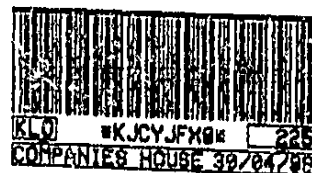
30TH JUNE 1998

Registered number: 1523936

EDWARDS & CO

CHARTERED ACCOUNTANTS

LONDON



## BROGLIA PRESS 86 LIMITED

## FINANCIAL STATEMENTS

for the year ended 30th June 1998

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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## BROGLIA PRESS 86 LIMITED

## COMPANY INFORMATION

30th June 1998

NUMBER	1523936
CHAIRMAN	J.M.B.Porter
OTHER DIRECTORS	M.J.Vaughan C.N.J Mundy
SECRETARY	J.M.B Porter
AUDITORS	Edwards & Co CHARTERED ACCOUNTANTS MITRE HOUSE 177 REGENT STREET LONDON W1R 8BB

## BROGLIA PRESS 86 LIMITED

## DIRECTORS' REPORT

30th June 1998

The directors present their report and the audited financial statements for the year ended 30th June 1998.

**Principal activity**

The principal activity of the company is that of printing and publishing.

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £34,336 (1997:£(170,618))

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

**Year 2000**

We have identified the key risks to the business and have developed a plan to minimise their impact. We have considered not only our own systems but also those of our major suppliers and customers. Although no organisation can guarantee that no year 2000 problems will arise, we believe that, having identified and removed risks to the business in accordance with the plan we have developed, it will be possible to quickly resolve any problems as may arise without significant additional costs.

**Directors**

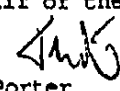
The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30th June 1998 Ordinary shares	1st July 1997 Ordinary shares
J.M.B. Porter	-	-
M.J. Vaughan	-	-
C.N.J Mundy	-	-

**Auditors**

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Edwards & Co will continue in office.

On behalf of the board

  
J.M.B Porter  
Secretary

28 April 1999

## BROGLIA PRESS 86 LIMITED

## 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 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.

On behalf of the board



J.M.B. Porter  
Chairman

28 April 1999

**BROGLIA PRESS 86 LIMITED****AUDITORS' REPORT**

Auditors' report to the members of

Broglia Press 86 Limited

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3, 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 error or other irregularity. 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 30th June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mitre House  
177 Regent Street  
LONDON W1R 8BB

28 April 1999

*Edwards & Co.*  
*2*

Edwards & Co  
Registered Auditors  
CHARTERED ACCOUNTANTS

## BROGLIA PRESS 86 LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 30th June 1998

	Note	1998 £	1997 £
Turnover	2	5,994,582	4,886,932
Cost of sales		(4,380,886)	(3,647,888)
Gross profit		1,613,696	1,239,044
Net operating expenses			
Distribution costs		(241,477)	(175,458)
Administrative expenses		(969,361)	(825,153)
Other operating income		8,636	19,156
Operating profit	3	411,494	257,589
Interest payable	5	(108,804)	(52,854)
Profit on ordinary activities before taxation		302,690	204,735
Taxation	6	(97,736)	(84,167)
Profit on ordinary activities after taxation and retained for the year	14	204,954	120,568

Movements in reserves are shown in note 14.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.


## BROGLIA PRESS 86 LIMITED

## BALANCE SHEET

at 30th June 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	7	2,365,971	620,463
<b>Current assets</b>			
Stocks	8	122,488	142,517
Debtors	9	1,600,249	1,470,986
Cash at bank and in hand		659	911
		<u>1,723,396</u>	<u>1,614,414</u>
Creditors: amounts falling due within one year	10	(2,666,891)	(1,862,088)
<b>Net current liabilities</b>		<u>(943,495)</u>	<u>(247,674)</u>
<b>Total assets less current liabilities</b>		<u>1,422,476</u>	<u>372,789</u>
Creditors: amounts falling due after more than one year	11	(1,388,140)	(543,407)
		<u>34,336</u>	<u>(170,618)</u>
<b>Capital and reserves</b>			
Called up share capital	13	500,240	500,240
Profit and loss account	14	(465,904)	(670,858)
<b>Total shareholders' funds</b>	12	<u>34,336</u>	<u>(170,618)</u>
<b>Equity Interests</b>		<u>(465,664)</u>	<u>(670,618)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 28 April 1999 and signed on its behalf by:

  
J.M.B. Porter,  
Chairman



## NOTES ON FINANCIAL STATEMENTS

30th June 1998

**1 Accounting policies****Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company has taken advantage of the exemption provided by Financial Reporting Standard No. 1 for wholly owned subsidiaries where the Parent company's financial statements include a consolidated cashflow statement. Consequently the company has not prepared a cashflow statement for the year.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Depreciation**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Plant and machinery	15% to 25% straight line and reducing balance basis
Motor vehicles	25% straight line
Fixtures and fittings	25% straight line

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Stocks and work in progress**

Stocks 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 and 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.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pension Costs**

The company operates a defined contributon, externally funded pension scheme. Contributions are charged against profit as they fall due.

**2 Turnover**

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

## BROGLIA PRESS 86 LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1998

## 3 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Profit on sale of assets	125,635	-
and after charging		
Staff costs (note 4)	1,846,698	1,247,765
Auditors' remuneration	5,759	4,793
Operating leases		
Hire of assets other than plant & machinery	365	259
Loss on sale of assets	-	724
Depreciation of tangible fixed assets (note 7)		
owned assets	167,777	94,979
leased assets	246,225	126,359
	414,002	221,338

## 4 Directors and employees

	1998 £	1997 £
Staff costs including directors' emoluments		
Wages and salaries	1,645,968	1,109,393
Social security costs	163,831	109,754
Pension costs	36,899	28,618
	1,846,698	1,247,765
Average monthly number employed including executive directors:	Number	Number
Production staff	58	36
Office and management	14	12
	72	48
Directors	£	£
Emoluments	92,064	49,765

## 5 Interest payable

	1998 £	1997 £
Bank interest	31,309	28,429
Other interest	-	2,171
Hire purchase interest	77,495	22,254
	108,804	52,854

BROGLIA PRESS 86 LIMITED

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NOTES ON FINANCIAL STATEMENTS

30th June 1998

6 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 31% (1997 32%)	91,974	27,381
Group relief	-	56,786
	<u>91,974</u>	<u>84,167</u>
Under provision in earlier years	5,762	-
	<u>97,736</u>	<u>84,167</u>

7 Tangible fixed assets

	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Total £
Cost				
1st July 1997	87,074	1,749,557	173,445	2,010,076
Additions	58,863	2,012,420	100,703	2,171,986
Disposals	(28,056)	(212,803)	-	(240,859)
	<u>117,881</u>	<u>3,549,174</u>	<u>274,148</u>	<u>3,941,203</u>
30th June 1998				
Depreciation				
1st July 1997	29,918	1,273,594	86,101	1,389,613
Charge for year	27,105	330,433	56,464	414,002
Disposals	(21,410)	(206,973)	-	(228,383)
	<u>35,613</u>	<u>1,397,054</u>	<u>142,565</u>	<u>1,575,232</u>
30th June 1998				
Net book amount				
30th June 1998	<u>82,268</u>	<u>2,152,120</u>	<u>131,583</u>	<u>2,365,971</u>
1st July 1997	<u>57,156</u>	<u>475,963</u>	<u>87,344</u>	<u>620,463</u>

The net book amount of fixed assets includes £2,000,544 (1997 £251,248) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

8 Stocks

	1998 £	1997 £
Work in progress	69,730	82,988
Raw materials	52,758	59,529
	<u>122,488</u>	<u>142,517</u>

## BROGLIA PRESS 86 LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1998

## 9 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	1,259,671	1,003,069
Amounts owed by group undertakings	127,241	374,901
Other debtors	130,341	30,127
Prepayments and accrued income	82,996	62,889
	<u>1,600,249</u>	<u>1,470,986</u>

## 10 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank overdrafts	401,195	353,375
Trade creditors	1,064,763	912,170
Amounts owed to group undertakings	355,940	200,569
Corporation tax	91,929	26,724
Other taxation and social security	54,084	37,378
Other creditors	15,921	86,204
Accruals and deferred income	346,614	180,649
Obligations under finance leases and hire purchase contracts - note 11	336,445	65,019
	<u>2,666,891</u>	<u>1,862,088</u>

## 11 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Amount owed to group undertakings	-	446,898
Obligations under finance leases	1,388,140	96,509
	<u>1,388,140</u>	<u>543,407</u>

Obligations under finance leases  
and hire purchase contracts

These are repayable over varying periods  
by monthly instalments as follows:

In the next year - see note 10	336,445	65,019
In the second to fifth years	1,388,140	96,509
	<u>1,724,585</u>	<u>161,528</u>

## NOTES ON FINANCIAL STATEMENTS

30th June 1998

## 12 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year representing a Net addition to shareholders' funds	204,954	120,568
Opening shareholders' funds	(170,618)	(291,186)
Closing shareholders' funds	<u>34,336</u>	<u>(170,618)</u>

## 13 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorized				
Ordinary 'A' Shares	500	500	500	500
Ordinary 'B' Shares	500	500	500	500
6% Cumulative redeemable preference shares	500,000	500,000	500,000	500,000
	<u>501,000</u>	<u>501,000</u>	<u>501,000</u>	<u>501,000</u>
Allotted called up and fully paid				
Ordinary 'A' Shares	120	120	120	120
Ordinary 'B' Shares	120	120	120	120
6% Cumulative redeemable preference shares	500,000	500,000	500,000	500,000
	<u>500,240</u>	<u>500,240</u>	<u>500,240</u>	<u>500,240</u>

Ordinary 'A' shares and Ordinary 'B' shares each hold the right to appoint and remove three directors. In all other respects the shares rank equally.

## 14 Profit and loss account

	1998 £
1st July 1997	(670,858)
Retained profit for the year	<u>204,954</u>
30th June 1998	<u>(465,904)</u>

## 15 Preference shares

As at 30 June 1998 there were arrears on the payment of the dividends on the 500,000 Cumulative redeemable preference shares of £60,000. The company does not consider that it has sufficient reserves to make the payment and will account for the dividend when it is paid.

## BROGLIA PRESS 86 LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1998

## 15 Preference shares (continued)

The company has the option 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.

## 16 Contingent liabilities

The company has given a cross guarantee to secure the banking arrangements of the group. This enables the company to maximise interest received by investing all the group's surplus funds through its parent company Gold Group International Limited. At the balance sheet date the groups' indebtedness to its bankers was £nil (1997: £nil).

## 17 Ultimate parent undertaking

The ultimate parent company and immediate controlling party is Gold Group International Limited, a company registered in England and Wales.

## 18 Related party transactions

The company is a wholly owned subsidiary of Gold Group International Limited and utilises the exemption contained in FRS8 Related Party Disclosures not to disclose any transactions within entities that are part of the Gold Group International group. The address at which the consolidated financial statements are publicly available is Gadoline House, Godstons Road, Whyteleafe, Surrey CR3 0EA. The ultimate controlling parties are considered to be David and Ralph Gold, majority shareholders of Gold Group International Limited.