

ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

FOR

B.S. LABELS LIMITED



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for the Year Ended 31 May 1999

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B.S. LABELS LIMITED

COMPANY INFORMATION
for the Year Ended 31 May 1999

DIRECTORS:

Tony Michael Pickering
Michael Robert Pickering
Barbara Helen Pickering

SECRETARY:

Barbara Helen Pickering

REGISTERED OFFICE:

Units 1 and 2
Wood Street
Earl Shilton
Leicester
LE9 7NE

REGISTERED NUMBER: 1756520

AUDITORS:

Lester & Co.
Chartered Accountants
Registered Auditors
25 Station Road
Hinckley
Leicestershire
LE10 1AP

B.S. LABELS LIMITED

REPORT OF THE DIRECTORS **for the Year Ended 31 May 1999**

The directors present their report with the financial statements of the company for the year ended 31 May 1999.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of printers and label manufacturers.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

| | |
|-------|--------------------|
| £720 | - 9 September 1998 |
| £400 | - 13 January 1999 |
| <hr/> | |
| £1120 | |
| <hr/> | |

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 May 1999 will be £224,000.

DIRECTORS

The directors during the year under review were:

Tony Michael Pickering
Michael Robert Pickering
Barbara Helen Pickering

The beneficial interests of the directors holding office on 31 May 1999 in the issued share capital of the company were as follows:

| | 31.5.99 | 1.6.98 |
|---------------------------|---------|--------|
| Ordinary £1 shares | | |
| Tony Michael Pickering | 199 | 199 |
| Michael Robert Pickering | 1 | 1 |
| Barbara Helen Pickering | - | - |

In accordance with the Articles of Association, Michael Robert Pickering will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

YEAR 2000

The directors have undertaken a review of the possible impact of the year 2000 on the company. This included assessments of the production machinery, financial control equipment and other systems where the processing of future dates is considered. Where this review indicated potential problems the relevant equipment was replaced or upgraded. Suppliers and customers were also considered to ensure that supply chains would continue to operate without disruption.

REPORT OF THE DIRECTORS
for the Year Ended 31 May 1999

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 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 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.

AUDITORS

The auditors, Lester & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Tony Michael Pickering - DIRECTOR

Dated: 14 September 1999

B.S. LABELS LIMITED

REPORT OF THE AUDITORS TO

B.S. LABELS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages five to sixteen, together with the full financial statements of the company for the year ended 31 May 1999 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages five to sixteen are properly prepared in accordance with that provision.



Lester & Co.
Chartered Accountants
Registered Auditors
25 Station Road
Hinckley
Leicestershire
LE10 1AP

Dated: 16 September 1999

B.S. LABELS LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 May 1999**

| | | 31.5.99 | | 31.5.98 | |
|--|-------|---------|----------|---------|-----------|
| | Notes | £ | £ | £ | £ |
| GROSS PROFIT | | | 920,576 | | 1,025,465 |
| Distribution costs | | 181,147 | | 154,686 | |
| Administrative expenses | | 574,493 | | 606,528 | |
| | | | 755,640 | | 761,214 |
| OPERATING PROFIT | 3 | | 164,936 | | 264,251 |
| Interest receivable and similar income | | | 13,365 | | 18,960 |
| | | | 178,301 | | 283,211 |
| Interest payable and similar charges | 4 | | 12,691 | | 12,694 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 165,610 | | 270,517 |
| Tax on profit on ordinary activities | 5 | | 30,434 | | 54,179 |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | | 135,176 | | 216,338 |
| Dividends | 6 | | 224,000 | | 200,000 |
| | | | (88,824) | | 16,338 |
| Retained profit brought forward | | | 978,998 | | 962,660 |
| RETAINED PROFIT CARRIED FORWARD | | | £890,174 | | £978,998 |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

B.S. LABELS LIMITED**ABBREVIATED BALANCE SHEET****31 May 1999**

| | Notes | 31.5.99 | | 31.5.98 | |
|--|-------|-----------|-----------|-----------|-----------|
| | | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 7 | | 732,686 | | 819,152 |
| CURRENT ASSETS: | | | | | |
| Stocks | 8 | 306,270 | | 336,502 | |
| Debtors | 9 | 573,601 | | 578,459 | |
| Investments | 10 | 130,200 | | 186,363 | |
| Cash at bank and in hand | | 51,907 | | 1,443 | |
| | | 1,061,978 | | 1,102,767 | |
| CREDITORS: Amounts falling due within one year | 11 | 601,215 | | 580,218 | |
| NET CURRENT ASSETS: | | | 460,763 | | 522,549 |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 1,193,449 | | 1,341,701 |
| CREDITORS: Amounts falling due after more than one year | 12 | | (261,352) | | (321,352) |
| PROVISIONS FOR LIABILITIES AND CHARGES: | 15 | | (41,723) | | (41,151) |
| | | | £890,374 | | £979,198 |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 16 | | 200 | | 200 |
| Profit and loss account | | | 890,174 | | 978,998 |
| Shareholders' funds | 18 | | £890,374 | | £979,198 |

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:


Tony Michael Pickering - DIRECTOR

Approved by the Board on 14 September 1999

The notes form part of these financial statements

**CASH FLOW STATEMENT
for the Year Ended 31 May 1999**

| | Notes | 31.5.99 | | 31.5.98 | |
|--|-------|---------|-----------------|---------|------------------|
| | | £ | £ | £ | £ |
| Net cash inflow from operating activities | 1 | | 353,931 | | 669,571 |
| Returns on investments and servicing of finance | 2 | | 727 | | 5,384 |
| Taxation | | | (57,586) | | (81,045) |
| Capital expenditure and financial investment | 2 | | 37,392 | | (213,133) |
| Equity dividends paid | | | (224,000) | | (200,000) |
| | | | <u>110,464</u> | | <u>180,777</u> |
| Financing | 2 | | (60,000) | | (60,000) |
| Increase in cash in the period | | | <u>£50,464</u> | | <u>£120,777</u> |
| <hr/> | | | | | |
| Reconciliation of net cash flow to movement in net funds | 3 | | | | |
| Increase in cash in the period | | | 50,464 | | 120,777 |
| Cash (inflow)/outflow from (decrease)/increase in liquid resources | | | <u>(56,163)</u> | | <u>186,261</u> |
| Change in net funds resulting from cash flows | | | <u>(5,699)</u> | | <u>307,038</u> |
| Movement in net funds in the period | | | (5,699) | | 307,038 |
| Net funds/(debt) at 1 June 1998 | | | <u>187,806</u> | | <u>(119,232)</u> |
| Net funds at 31 May 1999 | | | <u>£182,107</u> | | <u>£187,806</u> |

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 May 1999**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

| | 31.5.99 £ | 31.5.98 £ |
|--|----------------|----------------|
| Operating profit | 164,936 | 264,251 |
| Depreciation charges | 95,327 | 117,026 |
| Loss on sale of fixed assets | - | 7,855 |
| Profit on sale of fixed assets | (601) | - |
| Decrease in stocks | 30,232 | 140,772 |
| Decrease in debtors | 31,266 | 175,698 |
| Increase/(Decrease) in creditors | 32,771 | (36,031) |
| Net cash inflow from operating activities | 353,931 | 669,571 |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 31.5.99 £ | 31.5.98 £ |
|--|---------------|------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 13,418 | 18,117 |
| Interest paid | (12,691) | (12,733) |
| Net cash inflow for returns on investments and servicing of finance | 727 | 5,384 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (36,038) | (35,273) |
| Invested on bank deposit | - | (186,260) |
| Sale of tangible fixed assets | 17,267 | 8,400 |
| Withdrawn from bank deposit | 56,163 | - |
| Net cash inflow/(outflow) for capital expenditure | 37,392 | (213,133) |

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 May 1999****2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT
- continued**

| | 31.5.99 £ | 31.5.98 £ |
|------------------------------------|--------------|--------------|
| Financing | | |
| Loan repayments in year | (60,000) | (60,000) |
| Net cash outflow from financing | (60,000) | (60,000) |

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.6.98 £ | Cash flow £ | At 31.5.99 £ |
|--------------------------------------|----------------|-----------------|-----------------|
| Net cash: | | | |
| Cash at bank and in hand | 1,443 | 50,464 | 51,907 |
| | <u>1,443</u> | <u>50,464</u> | <u>51,907</u> |
| Liquid resources: | | | |
| Current asset investments | 186,363 | (56,163) | 130,200 |
| | <u>186,363</u> | <u>(56,163)</u> | <u>130,200</u> |
| Total | <u>187,806</u> | <u>(5,699)</u> | <u>182,107</u> |
| Analysed in Balance Sheet | | | |
| Cash at bank and in hand | 1,443 | | 51,907 |
| Current asset investments | 186,363 | | 130,200 |
| | <u>187,806</u> | | <u>182,107</u> |

The notes form part of these financial statements

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 May 1999****1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|---|
| Plant and equipment | - 10% on reducing balance and 20% on cost |
| Fixtures and fittings | - 10% and 33% on reducing balance |
| Motor vehicles | - 20% on reducing balance |

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

| | 31.5.99 | 31.5.98 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 663,554 | 631,869 |
| Social security costs | 56,198 | 55,805 |
| Other pension costs | 17,358 | 45,496 |
| | <u>737,110</u> | <u>733,170</u> |

The average monthly number of employees during the year was as follows:

| | 31.5.99 | 31.5.98 |
|---------------------------|-----------|-----------|
| Manufacturing | 32 | 33 |
| Office and administration | 15 | 16 |
| Sales | 1 | 1 |
| | <u>48</u> | <u>50</u> |

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 May 1999****3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

| | 31.5.99 | 31.5.98 |
|--|-------------------|-------------------|
| | £ | £ |
| Vehicle leasing charges | 15,597 | 14,297 |
| Depreciation - owned assets | 95,327 | 117,026 |
| (Profit)/Loss on disposal of fixed assets | (601) | 7,855 |
| Auditors' remuneration | 2,625 | 2,400 |
| | <u> </u> | <u> </u> |
| Directors' emoluments | 120,334 | 107,907 |
| Directors' pension contributions to money purchase schemes | 17,358 | 45,496 |
| | <u> </u> | <u> </u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|------------------------|---------------|---------------|
| Money purchase schemes | 3 | 3 |
| | <u> </u> | <u> </u> |

4. INTEREST PAYABLE AND SIMILAR CHARGES

| | 31.5.99 | 31.5.98 |
|--------------------|-------------------|-------------------|
| | £ | £ |
| Bank interest | 17 | - |
| Bank loan interest | 12,674 | 12,694 |
| | <u> </u> | <u> </u> |
| | 12,691 | 12,694 |
| | <u> </u> | <u> </u> |

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

| | 31.5.99 | 31.5.98 |
|-----------------------------|-------------------|-------------------|
| | £ | £ |
| UK corporation tax | 29,847 | 51,569 |
| Interest on corporation tax | 15 | - |
| Deferred taxation | 572 | 2,610 |
| | <u> </u> | <u> </u> |
| | 30,434 | 54,179 |
| | <u> </u> | <u> </u> |

UK corporation tax has been charged at 20.83% (1998 - 21%).

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 May 1999

6. DIVIDENDS

| | | |
|----------------------|----------------|----------------|
| | 31.5.99 | 31.5.98 |
| | £ | £ |
| Equity shares: | | |
| Paid during the year | <u>224,000</u> | <u>200,000</u> |

7. TANGIBLE FIXED ASSETS

| | Plant and equipment | Fixtures and fittings | Motor vehicles | Totals |
|-------------------------|------------------------|-----------------------------|-------------------|------------------|
| | £ | £ | £ | £ |
| COST: | | | | |
| At 1 June 1998 | 1,241,196 | 128,488 | 75,189 | 1,444,873 |
| Additions | 13,577 | 11,949 | - | 25,526 |
| Disposals | (9,663) | (2,901) | (20,519) | (33,083) |
| | <u>1,245,110</u> | <u>137,536</u> | <u>54,670</u> | <u>1,437,316</u> |
| At 31 May 1999 | | | | |
| DEPRECIATION: | | | | |
| At 1 June 1998 | 541,671 | 54,232 | 29,817 | 625,720 |
| Charge for year | 76,701 | 12,835 | 5,791 | 95,327 |
| Eliminated on disposals | (9,413) | (2,901) | (4,103) | (16,417) |
| | <u>608,959</u> | <u>64,166</u> | <u>31,505</u> | <u>704,630</u> |
| At 31 May 1999 | | | | |
| NET BOOK VALUE: | | | | |
| At 31 May 1999 | <u>636,151</u> | <u>73,370</u> | <u>23,165</u> | <u>732,686</u> |
| At 31 May 1998 | <u>699,525</u> | <u>74,255</u> | <u>45,372</u> | <u>819,152</u> |

8. STOCKS

| | | |
|------------------|----------------|----------------|
| | 31.5.99 | 31.5.98 |
| | £ | £ |
| Raw materials | 132,667 | 150,279 |
| Work in progress | 57,602 | 75,576 |
| Finished goods | 106,003 | 108,617 |
| Sundry stock | 9,998 | 2,030 |
| | <u>306,270</u> | <u>336,502</u> |

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 May 1999****9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 31.5.99 £ | 31.5.98 £ |
|---------------|----------------|----------------|
| Trade debtors | 514,995 | 540,452 |
| Others | 31,259 | 37,121 |
| Taxation | 27,347 | 886 |
| | <u>573,601</u> | <u>578,459</u> |

10. CURRENT ASSET INVESTMENTS

| | 31.5.99 £ | 31.5.98 £ |
|-----------------------------|----------------|----------------|
| Rotastock Label Service Ltd | 100 | 100 |
| Midland Bank plc | 130,100 | 186,263 |
| | <u>130,200</u> | <u>186,363</u> |

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 31.5.99 £ | 31.5.98 £ |
|--|----------------|----------------|
| Bank loans and overdrafts (see note 13) | 60,000 | 60,000 |
| Trade creditors | 516,213 | 494,773 |
| Directors' loan accounts | 162 | 162 |
| Other taxes & social security | 16,354 | 16,785 |
| Taxation | 1,193 | 2,456 |
| Other creditors | 7,293 | 6,042 |
| | <u>601,215</u> | <u>580,218</u> |

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

| | 31.5.99 £ | 31.5.98 £ |
|-----------------------------|----------------|----------------|
| Bank loans (see note 13) | 85,000 | 145,000 |
| Loan account: subsidiary | 176,352 | 176,352 |
| | <u>261,352</u> | <u>321,352</u> |

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 May 1999****13. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

| | 31.5.99 £ | 31.5.98 £ |
|---|---------------|---------------|
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>60,000</u> | <u>60,000</u> |
| Amounts falling due between one and two years: | | |
| Bank loans | <u>60,000</u> | <u>60,000</u> |
| Amounts falling due between two and five years: | | |
| Bank loans | <u>25,000</u> | <u>85,000</u> |

14. SECURED DEBTS

The following secured debts are included within creditors:

| | 31.5.99 £ | 31.5.98 £ |
|------------|----------------|----------------|
| Bank loans | <u>145,000</u> | <u>205,000</u> |

15. PROVISIONS FOR LIABILITIES AND CHARGES

| | 31.5.99 £ | 31.5.98 £ |
|--------------------------------|----------------------|---------------|
| Deferred taxation | <u>41,723</u> | <u>41,151</u> |
| | Deferred taxation | |
| | £ | |
| Balance at 1 June 1998 | 41,151 | |
| Accelerated capital allowances | <u>572</u> | |
| Balance at 31 May 1999 | <u>41,723</u> | |

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 May 1999****15. PROVISIONS FOR LIABILITIES AND CHARGES - continued**

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

| | Provided | | Not provided | |
|--------------------------------|---------------|---------------|---------------|---------------|
| | 31.5.99 | 31.5.98 | 31.5.99 | 31.5.98 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | <u>41,723</u> | <u>41,151</u> | <u>41,513</u> | <u>41,203</u> |

16. CALLED UP SHARE CAPITAL

| | | | | |
|-------------|----------|----------------|--------------|--------------|
| Authorised: | | | | |
| Number: | Class: | Nominal value: | 31.5.99 | 31.5.98 |
| | | | £ | £ |
| 1,000 | Ordinary | £1 | <u>1,000</u> | <u>1,000</u> |

| | | | | |
|----------------------------------|----------|----------------|------------|------------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 31.5.99 | 31.5.98 |
| | | | £ | £ |
| 200 | Ordinary | £1 | <u>200</u> | <u>200</u> |

17. TRANSACTIONS WITH DIRECTORS

During the year the company made pension contributions of £17,358 (1998 - £45,496) to a scheme in which the directors are beneficiaries.

Rent is payable to the pension scheme for the property occupied by the company. During the year £47,750 was charged to the Profit and Loss Account (1998 - £43,500).

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 31.5.99 | 31.5.98 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Profit for the financial year | 135,176 | 216,338 |
| Dividends | <u>(224,000)</u> | <u>(200,000)</u> |
| NET (REDUCTION)/ADDITION TO SHAREHOLDERS' FUNDS | (88,824) | 16,338 |
| Opening shareholders' funds | <u>979,198</u> | <u>962,860</u> |
| CLOSING SHAREHOLDERS' FUNDS | <u>890,374</u> | <u>979,198</u> |
| Equity interests | <u>890,374</u> | <u>979,198</u> |

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 May 1999

19. INVESTMENT IN SUBSIDIARY

In 1986 the Company acquired the business and assets of Rotastock Label Service Limited at net asset value. The consideration for this acquisition is shown as a "creditor due in more than one year" on the balance sheet. The entire share capital of the Company was acquired by the exchange of shares in Barwell Studio Limited on a one for one basis. The value of this holding reflects the assets of Rotastock Label Service Limited. Since 1986 Rotastock Label Service Limited has been dormant. It is not considered meaningful that consolidated financial statements be prepared.