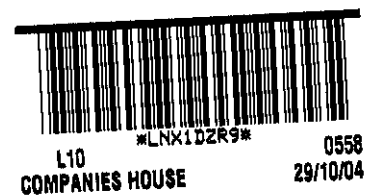

ADPLATES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2003**



ADPLATES LIMITED

COMPANY INFORMATION

DIRECTORS	V J Tickel M E Gill M Hearn S Parish J Stratford (resigned 31/03/2003) C A Toovey C L Bond M Eggleton M Harrison M J Stroud
SECRETARY	M E Gill
COMPANY NUMBER	2299109
REGISTERED OFFICE	29 Clerkenwell Road London EC1M 5TA
AUDITORS	BDO Stoy Hayward LLP Chartered Accountants & Registered Auditor Emerald House East Street Epsom Surrey KT17 1HS
ACCOUNTANTS AND BUSINESS ADVISERS	Vantis Group Limited 82 St John Street London EC1M 4JN

ADPLATES LIMITED

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Detailed profit and loss account and summaries	21 - 24

ADPLATES LIMITED

DIRECTORS' REPORT For the year ended 31 December 2003

The directors present their report and the financial statements for the year ended 31 December 2003.

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;
- state whether applicable 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 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity continues to be that of pre-press services and electronic image manipulation.

The company will strive to improve its trading performance.

The profit for the year, after taxation, amounted to £508,534 (2002 - £455,322) .

During the year the company paid dividends of £nil (2001 - £80,000) in respect of the year.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/12/03</u>	<u>1/1/03</u>
V J Tickel	-	-
M E Gill	-	-
M Hearn	200	200
S Parish	-	400
J Stratford (resigned 31/03/2003)	-	200
C A Toovey	200	200
C L Bond	200	200
M Eggleton	200	200
M Harrison	200	200
M J Stroud	-	-

In addition to the above, Messrs Tickel, Gill and Stroud hold 200 (2002 - 400) and Messrs Parish, Tickel, Gill and Stroud hold 400 (2001 - Nil) shares on behalf of the company's management which includes the above directors.

ADPLATES LIMITED

DIRECTORS' REPORT
For the year ended 31 December 2003

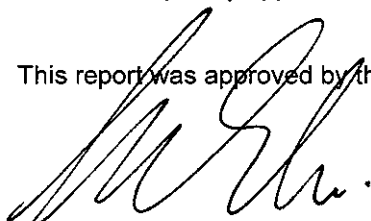
The beneficial interests of the directors in the issued share capital of the parent company were as follows:

	Ordinary shares of £1 each	
	<u>31/12/03</u>	<u>1/1/03</u>
V J Tickel	11,246	11,246
M E Gill	7,945	7,945
M Hearn	-	-
S Parish	4,642	4,642
J Stratford	-	-
C A Toovey	-	-
C L Bond	-	-
M Eggleton	-	-
M Harrison	-	-
M J Stroud	7,945	7,945

AUDITORS

Saltrick & Saltrick resigned as auditors of Adplates Limited on 20 August 2003 and BDO Stoy Hayward LLP were subsequently appointed as auditors.

This report was approved by the board on 28.10.04 and signed on its behalf.



M E Gill
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ADPLATES LIMITED

We have audited the financial statements of Adplates Limited for the year ended 31 December 2003 set out on pages 5 to 20. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ADPLATES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ADPLATES LIMITED

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO Stoy Hayward LLP

Chartered Accountants
Registered Auditor

Emerald House
East Street
Epsom
Surrey
KT17 1HS

28 OCTOBER 2004

ADPLATES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

	Note	2003 £	2002 £
TURNOVER	1, 2	11,451,605	11,623,195
Cost of sales		<u>(5,511,566)</u>	<u>(5,517,006)</u>
GROSS PROFIT		5,940,039	6,106,189
Selling and distribution costs		<u>(1,572,671)</u>	<u>(1,929,540)</u>
Administrative expenses		<u>(5,318,894)</u>	<u>(5,188,747)</u>
Other operating income	3	<u>1,680,600</u>	<u>825,500</u>
OPERATING PROFIT/(LOSS)	4	729,074	(186,598)
Interest payable	7	<u>(217,364)</u>	<u>(268,724)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		511,710	(455,322)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	8	<u>(3,176)</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		508,534	(455,322)
DIVIDENDS	9	<u>-</u>	<u>(80,000)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>508,534</u>	<u>(535,322)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 8 to 20 form part of these financial statements.

ADPLATES LIMITED

BALANCE SHEET
As at 31 December 2003

		2003		2002	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	10		2,626,606		2,989,106
Investments	11		20,000		20,000
			<u>2,646,606</u>		<u>3,009,106</u>
CURRENT ASSETS					
Stocks	12	91,100		78,575	
Debtors	13	5,606,594		4,363,825	
Investments	14	1,000		1,000	
Cash at bank and in hand		273,646		176,434	
		<u>5,972,340</u>		<u>4,619,834</u>	
CREDITORS: amounts falling due within one year	15	<u>(4,934,255)</u>		<u>(5,594,683)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>1,038,085</u>		<u>(974,849)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,684,691</u>		<u>2,034,257</u>
CREDITORS: amounts falling due after more than one year	16		<u>(3,218,246)</u>		<u>(2,016,346)</u>
NET ASSETS			<u><u>466,445</u></u>		<u><u>17,911</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		9,600		10,000
Capital redemption reserve	18		900		500
Profit and loss account	18		455,945		7,411
SHAREHOLDERS' FUNDS - All Equity	19		<u><u>466,445</u></u>		<u><u>17,911</u></u>

The financial statements were approved by the board on 28.10.04 and signed on its behalf.


M E Gill
Director

The notes on pages 8 to 20 form part of these financial statements.

ADPLATES LIMITED

CASH FLOW STATEMENT
For the year ended 31 December 2003

	Note	2003 £	2002 £
Net cash flow from operating activities	20	307,892	1,053,753
Returns on investments and servicing of finance	21	(217,364)	(268,724)
Taxation		(198,048)	(412,263)
Capital expenditure and financial investment	21	(379,130)	(1,181,228)
Equity dividends paid		-	(80,000)
CASH OUTFLOW BEFORE FINANCING		(486,650)	(888,462)
Financing	21	51,573	(399,572)
DECREASE IN CASH IN THE YEAR		(435,077)	(1,288,034)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 22)
For the year ended 31 December 2003

	2003 £	2002 £
Decrease in cash in the period	(435,077)	(1,288,034)
Cash (inflow)/outflow from decrease in debt and lease financing	(111,573)	399,572
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(546,650)	(888,462)
New finance leases	(174,967)	(158,250)
MOVEMENT IN NET DEBT IN THE YEAR	(721,617)	(1,046,712)
Net debt at 1 January 2003	(2,325,232)	(1,278,520)
NET DEBT AT 31 DECEMBER 2003	(3,046,849)	(2,325,232)

The notes on pages 8 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	Over 3 to 5 years
Motor vehicles	-	Over 5 years
Fixtures and fittings	-	Over 7 years
Improvements to property	-	Over 15 years

1.4 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.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

1.6 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.

1.7 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.8 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Scheme assets are held separately from those of the company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company, being pre-press services and electronic image manipulation.

A geographical analysis of turnover is as follows:

	2003 £	2002 £
United Kingdom	9,947,314	10,034,386
Rest of European Union	1,269,773	1,369,344
Rest of World	234,518	219,465
	<u>11,451,605</u>	<u>11,623,195</u>

3. OTHER OPERATING INCOME

	2003 £	2002 £
Management charges	1,680,600	555,500
Commissions received	-	270,000
	<u>1,680,600</u>	<u>825,500</u>

4. OPERATING PROFIT/(LOSS)

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

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	650,367	557,799
- held under finance leases	245,978	147,815
Auditors' remuneration	22,000	8,699
Operating lease rentals:		
- other operating leases	360,000	360,000
Loss on sale of tangible fixed assets	20,249	14,482
	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2003 £	2002 £
Wages and salaries	6,601,527	6,188,357
Social security costs	732,712	678,537
Other pension costs	116,856	93,126
	<u>7,451,095</u>	<u>6,960,020</u>

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

	2003	2002
Production	79	69
Sales, distribution and administration	80	79
	<u>159</u>	<u>148</u>

6. DIRECTORS' REMUNERATION

	2003 £	2002 £
Emoluments	1,617,568	1,562,616
Company pension contributions to money purchase pension schemes	-	39,837

During the year retirement benefits were accruing to 5 directors (2002 - 5) in respect of money purchase pension schemes.

The highest paid director received remuneration of £333,423 (2002 - £294,949).

7. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	124,706	56,280
On other loans	19,022	42,292
On finance leases and hire purchase contracts	57,896	80,642
Other interest payable	15,740	89,510
	<u>217,364</u>	<u>268,724</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

8. TAXATION

	2003 £	2002 £
Analysis of tax charge in year		
UK corporation tax on profits of the year	197,228	-
Adjustments in respect of prior periods	(194,052)	-
Tax on profit on ordinary activities	<u>3,176</u>	<u>-</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £	2002 £
Profit/(loss) on ordinary activities before tax	511,710	(455,322)
Profit/(loss) on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2002 - 30%)	153,513	(136,597)
Effects of:		
Expenses not deductible for tax purposes	91,492	128,285
Capital allowances for period in excess of depreciation	(47,777)	(25,931)
Adjustments to tax charge in respect of prior periods	(194,052)	-
Surrender of losses to group companies	-	34,243
Current tax charge for year (see note above)	<u>3,176</u>	<u>-</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. DIVIDENDS

	2003 £	2002 £
On equity shares		
Total dividends paid	<u>-</u>	<u>80,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Leasehold improvements £	Total £
Cost					
At 1 January 2003	7,604,738	779,693	850,704	767,316	10,002,451
Additions	406,096	85,102	136,197	10,450	637,845
Disposals	-	(283,844)	-	-	(283,844)
At 31 December 2003	<u>8,010,834</u>	<u>580,951</u>	<u>986,901</u>	<u>777,766</u>	<u>10,356,452</u>
Depreciation					
At 1 January 2003	5,805,209	425,069	540,709	242,358	7,013,345
Charge for the year	660,414	104,799	88,028	43,104	896,345
On disposals	-	(179,844)	-	-	(179,844)
At 31 December 2003	<u>6,465,623</u>	<u>350,024</u>	<u>628,737</u>	<u>285,462</u>	<u>7,729,846</u>
Net book value					
At 31 December 2003	<u>1,545,211</u>	<u>230,927</u>	<u>358,164</u>	<u>492,304</u>	<u>2,626,606</u>
At 31 December 2002	<u>1,799,529</u>	<u>354,624</u>	<u>309,995</u>	<u>524,958</u>	<u>2,989,106</u>

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

	2003 £	2002 £
Land and buildings	-	93,600
Plant and machinery	326,418	186,170
Motor vehicles	162,577	260,419
	<u>488,995</u>	<u>540,189</u>

11. FIXED ASSET INVESTMENTS

	Unlisted invest- ments £	Total £
Cost		
At 1 January 2003 and 31 December 2003	<u>20,000</u>	<u>20,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

12. STOCKS

	2003 £	2002 £
Work in progress	<u>91,100</u>	<u>78,575</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	3,041,943	2,024,953
Amounts owed by group undertakings	2,338,235	2,104,240
Other debtors	77,490	7,770
Prepayments and accrued income	148,926	226,862
	<u>5,606,594</u>	<u>4,363,825</u>

14. CURRENT ASSET INVESTMENTS

	2003 £	2002 £
Listed investments	<u>1,000</u>	<u>1,000</u>

Listed investments

The market value of the listed investments at 31 December 2003 was £3,514 (2002 - £3,788) .

15. CREDITORS:**Amounts falling due within one year**

	2003 £	2002 £
Bank loans and overdrafts	2,612,348	2,080,059
Net obligations under finance leases and hire purchase contracts	304,040	316,219
Trade creditors	693,744	1,010,803
Amounts owed to group undertakings	459,876	860,194
Corporation tax	197,228	392,100
Social security and other taxes	431,324	513,934
Other creditors	133,333	200,000
Accruals and deferred income	102,362	221,374
	<u>4,934,255</u>	<u>5,594,683</u>

The bank loan and overdraft are secured by a standard bank debenture and cross guarantee between

ADPLATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

Adplates Limited, Adplates Group Limited, Tag Studios Limited, Turning Point Technologies Limited and Tag Creative Limited. Net obligations under finance lease and hire purchase contracts are secured over the assets to which they relate.

16. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Net obligations under finance leases and hire purchase contracts	405,107	106,387
Amounts owed to group undertakings	2,667,323	1,774,129
Other creditors	145,816	135,830
	<u>3,218,246</u>	<u>2,016,346</u>

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

	2003 £	2002 £
Between two and five years	<u>405,107</u>	<u>106,387</u>

Net obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

17. SHARE CAPITAL

	2003 £	2002 £
Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
9,600 Ordinary shares of £1 each	<u>9,600</u>	<u>10,000</u>

During the period 400 ordinary shares of £1 each, being 4% of the called up share capital, were redeemed for aggregate consideration of £60,000 as prescribed in the memorandum and articles of association.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

18. RESERVES

Profit and loss account	£
At 1 January 2003	7,411
Profit retained for the year	508,534
Purchase of share capital	(59,600)
Transfer to capital redemption reserve	(400)
	<u>455,945</u>
Other reserves	£
At 1 January 2003	500
Capital redemption	400
	<u>900</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit/(loss) for the year	508,534	(455,322)
Dividends	-	(80,000)
	<u>508,534</u>	<u>(535,322)</u>
Shares redeemed/cancelled during the year	(400)	-
Premium paid on redemption of shares	(59,600)	-
	<u>448,534</u>	<u>(535,322)</u>
Opening shareholders' funds	17,911	553,233
Closing shareholders' funds	<u>466,445</u>	<u>17,911</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit/(loss)	729,074	(186,598)
Depreciation of tangible fixed assets	896,345	705,614
Loss on disposal of tangible fixed assets	20,249	14,482
Increase in stocks	(12,525)	(11,200)
(Increase)/decrease in debtors	(2,345,367)	42,904
Increase in creditors	1,020,116	488,551
NET CASH INFLOW FROM OPERATIONS	<u>307,892</u>	<u>1,053,753</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

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

	2003 £	2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(159,468)	(188,082)
Hire purchase interest	(57,896)	(80,642)
	<hr/>	<hr/>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(217,364)	(268,724)
	<hr/>	<hr/>
	2003 £	2002 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(462,880)	(1,248,394)
Sale of tangible fixed assets	83,750	67,166
	<hr/>	<hr/>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(379,130)	(1,181,228)
	<hr/>	<hr/>
	2003 £	2002 £
FINANCING		
Purchase of own shares	(60,000)	-
Principal payment under finance lease	111,573	(399,572)
	<hr/>	<hr/>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	51,573	(399,572)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

22. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2003 £	Cash flow £	Other non-cash changes £	31 December 2003 £
Cash at bank and in hand	176,434	97,212	-	273,646
Bank overdraft	(2,080,059)	(532,289)	-	(2,612,348)
	<u>(1,903,625)</u>	<u>(435,077)</u>	<u>-</u>	<u>(2,338,702)</u>
LIQUID RESOURCES :				
Current asset investments	1,000	-	-	1,000
DEBT :				
Finance leases	(422,607)	(111,573)	(174,967)	(709,147)
NET DEBT	<u><u>(2,325,232)</u></u>	<u><u>(546,650)</u></u>	<u><u>(174,967)</u></u>	<u><u>(3,046,849)</u></u>

23. CONTINGENT LIABILITIES

At the balance sheet date the company had contingent liabilities in respect of unlimited bank guarantees in respect of other group companies. The amount covered by these guarantees at the year end is £102,011 (2002 - £469,628). Subject to these, the company did not have any contingent liabilities of a material amount at the balance sheet date that have not been provided for in these accounts.

24. PENSION COMMITMENTS

The company has a defined contribution scheme for some of its directors and former directors. The company is under no obligation to make contributions to the scheme. The company also makes pension scheme payments for certain of its employees on a defined contribution basis.

25. OPERATING LEASE COMMITMENTS

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
Expiry date:				
Within 1 year	-	-	-	2,968
Between 2 and 5 years	-	-	30,050	30,050
After more than 5 years	360,000	360,000	-	-
	<u><u>360,000</u></u>	<u><u>360,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

26. RELATED PARTY TRANSACTIONS

During the year the company traded with fellow subsidiaries of Adplates Group Limited.

The following amounts were due to the company from the holding company and fellow subsidiaries and associates:

	2003	2002
	£	£
Trading balances		
Tag Creative Limited	17,100	59,625
Tag At Comma Limited	9,165	331,768
East Central One Media Limited	14,097	41,472
Tag @ Ogilvy Limited	3,643	86,847
Tag Worldwide USA	12,000	-
Transcolour (Scotland) Limited	3,525	3,525
World Writers Limited	10,152	5,094
Non-trading balances		
Tag Creative Limited	46,613	-
Blue Tag Limited	290,000	290,000
Transcolour (Scotland) Limited	88,759	88,759
Frame By Frame At Tag Limited	38,735	15,585
East Central One Media Limited	985,261	379,564
Tag Worldwide Sweden AB	203,142	118,923
Tag @ Ogilvy Limited	-	40,550
Tag Studios Limited	127,720	127,720
The Clerkenwell Partnership Limited	193,000	193,000
Tag Worldwide (USA) Inc	246,516	136,907

ADPLATES LIMITED

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The following amounts were due by the company to the holding company and fellow subsidiaries:

	2003 £	2002 £
Trading balances		
Turning Point Technologies Limited	90,133	617,517
East Central One Media Limited	39,563	4,285
Tag Creative Limited	9,571	24,229
Transcolour (Scotland) Limited	8,225	8,225
Non-trading loan		
Optikos Laboratories Limited	295,607	295,607
Adplates Group Limited	1,401,265	925,446
Tag At Comma Limited	177,630	560,703
Tag At Ogilvy Limited	429,164	-
World Writers Limited	307,159	100,000
Tag Creative Limited	-	45,938
United Digital Limited	261,592	-

The following amount was due to the pension fund:

	2003 £	2002 £
Adplates Pension Fund	145,816	335,153

During the year, the following transactions took place with fellow subsidiaries:

	SALES		PURCHASES	
	2003 £	2002 £	2003 £	2002 £
Turning Point Technologies Limited	-	481,512	390,528	828,452
Transcolour (Scotland) Limited	12,000	15,010	-	-
Tag Creative Limited	378,241	471,838	60,994	69,518
Tag At Comma Limited	357,954	830,634	-	-
East Central One Media Limited	49,779	103,077	122,354	17,000
World Writers Limited	43,875	45,088	6,144	18,313
Tag @ Ogilvy Limited	266,361	157,424	-	-

In addition to the above transactions, Adplates Limited received management fees from Tag At Comma Limited totalling £660,100 (2002 - £313,500); Tag Creative Limited £75,000 (2002 - £75,000); Turning Point Technologies Limited £66,000 (2002 - £63,000); Tag At Ogilvy Limited £550,500 (2002 - £11,500); Worldwriters Limited £24,000 (2002 - £24,000); Frame by Frame Limited £24,000 (2002 - £24,000) and United Digital Limited £11,000 (2002 - £nil). The company also received commissions of £nil (2002 - £270,000) from Turning Point Technologies Limited.

During the year the company paid rent of £315,000 (2002 - £315,000) to VMM Limited, a company in which V J Tickel, M E Gill and M J Stroud are directors.

ADPLATES LIMITED

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During the year the company acquired plant and equipment of £nil (2002 - £126,881) from Tag Studios Limited at net book value.

During the year the company was charged £126,448 for accountancy and consultancy services by Vantis Group Limited, a company in which P F Jackson is a director. P F Jackson is a shareholder of Adplates Limited. At the year end the company owed Vantis Group Limited £60,036 (2002 - £65,310).

27. PARENT COMPANY

The parent and ultimate parent company is Adplates Group Limited, a company incorporated in England and Wales. Copies of the group financial statements of Adplates Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.