

CLARITY PRINT LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 AUGUST 1999

PANNELL KERR FORSTER



CLARITY PRINT LIMITED

CONTENTS

	Page
DIRECTORS' REPORT	1
AUDITORS' REPORT	2
ABBREVIATED PROFIT AND LOSS ACCOUNT	3
BALANCE SHEET	4
NOTES TO THE ABBREVIATED ACCOUNTS	5 - 11

CLARITY PRINT LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 AUGUST 1999

The directors submit their report and the financial statements for the year ended 31 August 1999.

Results and dividends

The profit for the year, after taxation, amounted to £128,254 (1998 - £153,396).

The directors recommend a dividend of £200,000 leaving a balance of £489,747 which is carried forward as retained reserves.

Principal activity and review of business

The principal activity of the company during the year continued to be that of printing.

The directors consider the progress made satisfactory.

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary £1 shares	
	1999	1998
JW Liggins	-	-
CJ Palin (resigned 22 November 1999)	-	-

The directors were both directors of the holding company and their interests in the shares in that company are shown in the directors report of that company. Neither director had any interest in the shares of this company.

Auditors

The auditors, Pannell Kerr Forster, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board



JW Liggins
Director
23 June 2000

**AUDITORS' REPORT TO
CLARITY PRINT LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 3 to 11 together with the financial statements of the company for the year ended 31 August 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts 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 considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts 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 financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 3 to 11 are properly prepared in accordance with that provision.

Pannell Kerr Forster

PANNELL KERR FORSTER
Registered Auditors

BIRMINGHAM
27 June 2000

CLARITY PRINT LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 1999

	Notes	1999 £	1998 £
GROSS PROFIT		1,627,582	1,692,545
Distribution costs		(121,943)	(102,858)
Administrative expenses		(1,331,722)	(1,300,570)
OPERATING PROFIT	2	173,917	289,117
Interest receivable and similar items		5,126	17,992
Interest payable and similar items	5	(83,026)	(113,106)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		96,017	194,003
TAXATION	6	32,237	(40,607)
PROFIT FOR THE FINANCIAL YEAR		128,254	153,396
DIVIDENDS		(200,000)	(321,675)
RETAINED LOSS FOR THE YEAR		(71,746)	(168,279)

All amounts relate to continuing operations.

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

CLARITY PRINT LIMITED

BALANCE SHEET

31 AUGUST 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible	7	1,221,464	1,417,085
CURRENT ASSETS			
Stocks	8	162,165	227,342
Debtors	9	672,195	1,173,964
Cash at bank and in hand		243	169
		<u>834,603</u>	<u>1,401,475</u>
CREDITORS: amounts falling due within one year	10	(763,204)	(1,169,218)
NET CURRENT ASSETS		<u>71,399</u>	<u>232,257</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,292,863</u>	<u>1,649,342</u>
CREDITORS: amounts falling due after more than one year	11	(373,521)	(588,674)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(107,920)	(177,500)
NET ASSETS		<u><u>811,422</u></u>	<u><u>883,168</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	321,675	321,675
Profit and loss account	15	489,747	561,493
SHAREHOLDERS' FUNDS	16	<u><u>811,422</u></u>	<u><u>883,168</u></u>

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

The financial statements were approved by the board on 23 June 2000

Signed on behalf of the board of directors


JW Liggins Director

CLARITY PRINT LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 AUGUST 1999

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation 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:

Plant and machinery	10 % reducing balance
Fixtures and fittings	15 % reducing balance
Computer equipment	20 % straight line
Motor vehicles	25 % reducing balance

(d) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(f) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

(g) Pensions

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

CLARITY PRINT LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 AUGUST 1999

2 OPERATING PROFIT

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

	1999 £	1998 £
Depreciation of tangible fixed assets:		
- owned by the company	63,628	54,490
- held under finance lease or hire purchase contracts	131,781	144,442
Audit fees	3,800	3,700
Operating lease rentals:		
- other	38,004	38,004
Rent receivable	(2,154)	(2,432)
	<u> </u>	<u> </u>

3 DIRECTORS' EMOLUMENTS AND BENEFITS

	1999 £	1998 £
Directors' emoluments	-	44,911
Contributions to money purchase pension schemes	-	1,247
	<u> </u>	<u> </u>

The numbers of directors who were members of company pension schemes were:

	No	No
Money purchase schemes	-	1
	<u> </u>	<u> </u>

No directors (1998 - one) were members of company pension schemes.

The number of directors who received shares or became entitled to receive shares under long term incentive schemes was NIL (1998 - NIL).

4 STAFF COSTS

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

	1999 £	1998 £
Wages and salaries	963,082	991,109
Social security costs	86,275	91,842
Other pension costs	10,155	11,674
	<u> </u>	<u> </u>
	1,059,512	1,094,625
	<u> </u>	<u> </u>

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

	No.	No.
Production and delivery	40	42
Management	3	5
Sales and administration	23	21
	<u> </u>	<u> </u>
	66	68
	<u> </u>	<u> </u>

CLARITY PRINT LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 AUGUST 1999

5 INTEREST PAYABLE AND SIMILAR ITEMS

	1999 £	1998 £
Finance charges under finance lease and hire purchase contracts	<u>83,026</u>	<u>113,106</u>

6 TAXATION

	1999 £	1998 £
Current year taxation		
UK corporation tax at 21.0% (1998 - 21.0%)	-	26,586
Transfer (from)/to deferred taxation	(69,580)	13,500
Group relief received from fellow subsidiaries	46,424	-
	<u>(23,156)</u>	<u>40,086</u>
Total UK taxation		
Adjustments in respect of prior periods		
Corporation tax	(9,081)	521
	<u>(32,237)</u>	<u>40,607</u>

CLARITY PRINT LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 AUGUST 1999

7 TANGIBLE FIXED ASSETS

	Motor vehicles, plant & machinery £	Fixtures, fittings, tools & equipment £	Total £
Cost			
At 1 September 1998	1,895,967	199,696	2,095,663
Additions	12,174	5,328	17,502
Disposals	(98,783)	-	(98,783)
Transfers	26,600	-	26,600
	<u>1,835,958</u>	<u>205,024</u>	<u>2,040,982</u>
Depreciation			
At 1 September 1998	580,266	98,312	678,578
Charge for year	170,445	24,964	195,409
On disposals	(60,343)	-	(60,343)
Transfers	5,874	-	5,874
	<u>696,242</u>	<u>123,276</u>	<u>819,518</u>
Net book amount			
At 31 August 1999	<u>1,139,716</u>	<u>81,748</u>	<u>1,221,464</u>
At 31 August 1998	<u>1,315,701</u>	<u>101,384</u>	<u>1,417,085</u>

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

	1999 £	1998 £
Plant & machinery	993,691	1,104,103
Fixtures & fittings etc	19,537	22,985
Motor Vehicle	39,712	59,576
	<u>1,052,940</u>	<u>1,186,664</u>

8 STOCKS

	1999 £	1998 £
Raw materials	24,066	25,971
Work in progress	12,881	11,836
Finished goods	125,218	189,535
	<u>162,165</u>	<u>227,342</u>

CLARITY PRINT LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 AUGUST 1999

9 DEBTORS

	1999 £	1998 £
Due within one year		
Trade debtors	399,309	649,983
Amounts due from group undertakings	175,351	464,461
Other debtors	66,939	9,749
Prepayments & accrued income	30,596	49,771
	<u>672,195</u>	<u>1,173,964</u>

10 CREDITORS:

Amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	175,491	174,803
Trade creditors	260,859	433,647
Amounts owed to group undertakings	5,694	175,031
Corporation tax	-	9,081
Other tax and social security	37,873	27,893
Net obligations under finance lease and hire purchase contracts (note 12)	233,564	293,841
Accruals and deferred income	49,723	54,922
	<u>763,204</u>	<u>1,169,218</u>

Other loans include £Nil (1998: £148,705) relating to an invoice discounting agreement which is secured on the book debts of the company.

11 CREDITORS:

Amounts falling due after more than one year

	1999 £	1998 £
Net obligations under finance lease and hire purchase contracts (note 12)	373,521	588,674
	<u>373,521</u>	<u>588,674</u>

12 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	1999 £	1998 £
Within one year	233,564	293,841
Between one and five years	373,521	588,674
	<u>607,085</u>	<u>882,515</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

CLARITY PRINT LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 AUGUST 1999

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £	Total £
At 1 September 1998	177,500	177,500
Credited to profit and loss	(69,580)	(69,580)
At 31 August 1999	<u>107,920</u>	<u>107,920</u>

Deferred tax is analysed as follows:

	Provided 1999 £	1998 £	Not provided 1999 £	1998 £
Capital allowances	<u>107,920</u>	<u>177,500</u>	<u>-</u>	<u>-</u>

14 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No.	£
At 1 September 1998 and 31 August 1999 Ordinary shares of £1 each	<u>500,000</u>	<u>321,675</u>	<u>321,675</u>

15 RESERVES

Profit and loss account	£
At 1 September 1998	561,493
Profit for the year	128,254
Dividends	(200,000)
At 31 August 1999	<u>489,747</u>

16 SHAREHOLDERS' FUNDS

	1999 £	1998 £
Shareholders' funds at 1 September 1998	883,168	1,051,447
Profit for the year	128,254	153,396
Dividends	(200,000)	(321,675)
Shareholders' funds at 31 August 1999	<u>811,422</u>	<u>883,168</u>

CLARITY PRINT LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 AUGUST 1999

17 OTHER COMMITMENTS

At 31 August 1999 the company had annual commitments under operating leases as follows:

	Land and buildings	
	1999	1998
	£	£
Expiry date:		
Between 1 and 5 years	30,100	30,100
	<hr/>	<hr/>

18 CONTINGENT LIABILITIES

The company has entered into a multi-party cross guarantee with other members of the group in respect of bank overdrafts and loan facilities. At 31 August 1999 this contingent liability amounted to £120,451 (1998: £369,984)

19 TRANSACTIONS WITH RELATED PARTIES

The company paid £30,000 (1998: £30,000) in respect of the rental of property from a pension fund of which the main beneficiary is JW Liggins.

The company has had no other transactions with related parties other than with members of the group and the holding company. Consolidated financial statements are prepared by the holding company and therefore there are no disclosures required under FRS 8 in these financial statements.

20 PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is shown in note 4.

21 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is a wholly controlled subsidiary of Clarity Group Limited.

The parent undertaking of the largest and smallest groups for which consolidated accounts are prepared is Clarity Group Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the company's ultimate parent company.

Clarity Group Limited is ultimately controlled by JW Liggins.