



Accountants &
business advisers

CLARITY PRINT LIMITED

Company Number: 02372873

ANNUAL REPORT

SIXTEEN MONTHS ENDED 31 DECEMBER 2004



CLARITY PRINT LIMITED

COMPANY INFORMATION

Directors	J W Liggins S J Liggins
Secretary	S J Liggins
Company Number	02372873
Registered Office	Electrium Point Forge Road Willenhall West Midlands WV12 4HD
Auditors	PKF (UK) LLP New Guild House 45 Great Charles Street Queensway Birmingham B3 2LX
Bankers	HSBC Bank plc Market Place Willenhall West Midlands WV13 2AF

CLARITY PRINT LIMITED

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CLARITY PRINT LIMITED
DIRECTORS' REPORT
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

The directors submit their report and the financial statements for the period ended 31 December 2004.

Results and dividends

The loss for the period, after taxation, amounted to **£62,635** (2003 - £16,575).

The directors recommend a dividend of £261,257 leaving a deficit of £323,892 which is deducted from retained reserves.

Principal activity and review of the business

The principal activity of the company during the year was that of printing and facilities management.

On 31 December 2004 the directors hived up its trade and net assets to its parent undertaking at their book values.

Directors

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

	Ordinary shares of £1 each	
	31 December 2004	31 August 2003
J W Liggins	1	1
A B Williams (resigned 9 December 2003)	-	-
M J Bennett (resigned 14 November 2003)	-	-
S J Liggins (appointed 9 December 2003)	-	-
L Holden (appointed 1 April 2004) (resigned 30 November 2004)	-	-

The directors are also directors of the ultimate parent undertaking, Clarity Gazebo Limited (formerly Clarity Group Limited), and their interests in the share capital of that company are reflected in its financial statements.

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



On behalf of the board

J W Liggins
Director

21 December 2005

CLARITY PRINT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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 judgments 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 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CLARITY PRINT LIMITED**

We have audited the financial statements of Clarity Print Limited for the period ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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.

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 judgments 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.

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 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to be a stylized 'P' followed by the text 'KF (UK) LLP'.

Birmingham, UK
22 December 2005

PKF (UK) LLP
Registered Auditors

CLARITY PRINT LIMITED
PROFIT AND LOSS ACCOUNT
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

	Notes	Sixteen months ended 31 December 2004 £	Year ended 31 August 2003 £
TURNOVER		4,244,044	3,557,123
Cost of sales		(2,888,512)	(2,513,734)
GROSS PROFIT		1,355,532	1,043,389
Distribution costs		(615,866)	(443,471)
Administrative expenses (Includes exceptional costs of £56,452 (2003: £146,201))	2	(788,813)	(585,306)
OPERATING (LOSS)/PROFIT	2	(49,147)	14,612
Loss on disposal of fixed assets		(2,115)	(32,908)
		(51,262)	(18,296)
Interest payable and similar charges	5	(6,478)	(6,474)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(57,740)	(24,770)
TAXATION	6	(4,895)	8,195
LOSS FOR THE FINANCIAL YEAR	15&16	(62,635)	(16,575)
DIVIDENDS	7	(261,257)	-
		(323,892)	(16,575)

All amounts relate to discontinued operations.

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

CLARITY PRINT LIMITED

BALANCE SHEET 31 DECEMBER 2004

	Notes	31 December 2004 £	31 August 2003 £
FIXED ASSETS			
Tangible	8	-	763,376
CURRENT ASSETS			
Stocks	9	-	213,308
Debtors	10	321,675	390,171
Cash at bank and in hand		-	9,051
		<u>321,675</u>	<u>612,530</u>
CREDITORS: amounts falling due within one year	11	<u>-</u>	<u>(571,512)</u>
NET CURRENT ASSETS		<u>321,675</u>	<u>41,018</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>321,675</u>	<u>804,394</u>
CREDITORS: amounts falling due after more than one year	12	-	(51,227)
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(107,600)
NET ASSETS		<u>321,675</u>	<u>645,567</u>
CAPITAL AND RESERVES			
Called up share capital	15	321,675	321,675
Profit and loss account	16	-	323,892
SHAREHOLDERS' FUNDS	17	<u>321,675</u>	<u>645,567</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 21 December 2005

Signed on behalf of the board of directors

J W Liggins

Director



CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective June 2002).

(b) Comparative figures

During the period the company changed its accounting reference date to 31 December 2004. Comparative figures are for the year ended 31 August 2003.

(c) Turnover

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

(d) Tangible fixed assets

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 & machinery	5-10 years reducing balance
Fixtures, fittings, tools & equipment	3-7 years reducing balance
Computer equipment	3-5 years straight line
Motor vehicles	4 years reducing balance

(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

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

(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.

(h) 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.

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

2 OPERATING (LOSS)/PROFIT

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

	Sixteen months ended 31 December 2004 £	Year ended 31 August 2003 £
Depreciation of tangible fixed assets:		
- owned by the company	104,023	79,675
- held under finance lease or hire purchase contracts	33,306	33,971
Audit fees	6,000	5,000
Operating lease rentals:		
- plant & machinery	7,662	7,922
- other	38,325	30,000
	<u>195,316</u>	<u>186,568</u>

Exceptional charges include £10,000 (2003: £30,000) relating to fees paid on an aborted marketing venture, and £46,452 (2003: £116,201) relating to costs associated with change of premises.

3 DIRECTORS' EMOLUMENTS AND BENEFITS

	Sixteen months ended 31 December 2004 £	Year ended 31 August 2003 £
Directors' emoluments	44,592	-
	<u>44,592</u>	<u>-</u>

No directors (2003 - none) were members of company pension schemes.

4 STAFF COSTS

Staff costs were as follows:

	Sixteen months ended 31 December 2004 £	Year ended 31 August 2003 £
Wages and salaries	1,155,748	845,521
Social security costs	110,780	75,002
Other pension costs	6,618	5,914
	<u>1,273,146</u>	<u>926,437</u>

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

	No	No
Production and delivery	32	29
Sales and administration	15	20
	<u>47</u>	<u>49</u>

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Sixteen months ended 31 December 2004 £	Year ended 31 August 2003 £
Bank loans and overdrafts	790	-
Finance charges under finance lease and hire purchase contracts	5,688	6,474
	<u>6,478</u>	<u>6,474</u>

6 TAXATION

	Sixteen months ended 31 December 2004 £	Year ended 31 August 2003 £
(a) Analysis of charge in period		
UK corporation tax		
Current tax on income for the period	-	(13,095)
Adjustments in respect of prior periods	13,095	-
Total UK taxation	<u>13,095</u>	<u>(13,095)</u>
Deferred tax		
Changes in deferred tax balances arising from: Origination or reversal of timing differences	(8,200)	4,900
Tax on profit on ordinary activities	<u>4,895</u>	<u>(8,195)</u>

7 DIVIDENDS

	Sixteen months ended 31 December 2004 £	Year ended 31 August 2003 £
Ordinary shares		
Interim paid	261,257	-
of which:		
Dividends on equity shares	<u>261,257</u>	<u>-</u>

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

8 TANGIBLE FIXED ASSETS

	Motor vehicles, plant & machinery £	Fixtures, fittings, tools & equipment £	Total £
Cost			
At 1 September 2003	1,436,844	316,138	1,752,982
Additions	79,190	17,908	97,098
Disposals	(25,136)	-	(25,136)
Intra Group transfers	(1,490,898)	(334,046)	(1,824,944)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2004	-	-	-
Depreciation			
At 1 September 2003	776,885	212,721	989,606
Charge for year	97,702	39,627	137,329
On disposals	(17,520)	-	(17,520)
Intra Group transfers	(857,067)	(252,348)	(1,109,415)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2004	-	-	-
Net book amount			
At 31 December 2004	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2003	<u>659,959</u>	<u>103,417</u>	<u>763,376</u>

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

	31 December 2004 £	31 August 2003 £
Plant and machinery	-	162,042
Fixtures and fittings	-	11,700
	<u>-</u>	<u>173,742</u>

9 STOCKS

	31 December 2004 £	31 August 2003 £
Raw materials	-	16,158
Work in progress	-	6,905
Finished goods	-	190,245
	<u>-</u>	<u>213,308</u>

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

10 DEBTORS

	31 December 2004 £	31 August 2003 £
Due within one year		
Trade debtors	-	344,344
Amounts due from group undertakings	321,675	-
Other debtors	-	6,098
Prepayments & accrued income	-	39,729
	<u>321,675</u>	<u>390,171</u>

11 CREDITORS

	31 December 2004 £	31 August 2003 £
Amounts falling due within one year		
Trade creditors	-	454,366
Amounts owed to group undertakings	-	3,146
Net obligations under finance lease and hire purchase contracts(note 13)	-	42,249
Other creditors	-	71,751
	<u>-</u>	<u>571,512</u>

12 CREDITORS

	31 December 2004 £	31 August 2003 £
Amounts falling due after more than one year		
Net obligations under finance lease and hire purchase contracts(note 13)	-	51,227
	<u>-</u>	<u>51,227</u>

13 FINANCE LEASES

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

	31 December 2004 £	31 August 2003 £
Within one year	-	42,249
Between one and five years	-	51,227
	<u>-</u>	<u>93,476</u>

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

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £	Other provisions £	Total £
At 1 September 2003	82,600	25,000	107,600
Credit to profit and loss	(5,000)	-	(5,000)
Inter-group transfers	(77,600)	(25,000)	(102,600)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2004	<u>-</u>	<u>-</u>	<u>-</u>

Other provisions relate to a dilapidations provision for repairs required to a leasehold building.

15 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 September 2003 and 31 December 2004			
Ordinary shares of £1 each	500,000	321,675	321,675
	<u>500,000</u>	<u>321,675</u>	<u>321,675</u>

16 RESERVES

	£
Profit and loss account	
At 1 September 2003	323,892
Loss for the period	(62,635)
Dividends	(261,257)
	<u>-</u>
At 31 December 2004	<u>-</u>

17 SHAREHOLDERS' FUNDS

	31 December 2004 £	31 August 2003 £
Shareholders' funds at 1 September 2003	645,567	662,142
Loss for the period	(62,635)	(16,575)
Dividends	(261,257)	-
	<u>321,675</u>	<u>645,567</u>
Shareholders' funds at 31 December 2004	<u>321,675</u>	<u>645,567</u>

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SIXTEEN MONTHS ENDED 31 DECEMBER 2004

18 OTHER COMMITMENTS

At 31 December 2004 the company had annual commitments under operating leases as follows:

	Land and buildings		Other	
	31 December	31 August	31 December	31 August
	2004	2003	2004	2003
	£	£	£	£
Expiry date:				
Within one year	-	-	-	4,183
Between one and five years	-	-	-	687
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19 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 December 2004 this contingent liability amounted to £828,180 (2003 - £3,005,215).

20 TRANSACTIONS WITH RELATED PARTIES

The company paid £38,325 (2003: £30,000) in respect of the rental of property from a pension fund of which the main beneficiary is J W Liggins, a director of the company.

Consolidated financial statements are prepared by the holding company and therefore there are no disclosures required under FRS 8 in these financial statements relating to transactions with other members of the group.

21 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by Clarity Gazebo Limited (formerly Clarity Group Limited).

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Clarity Gazebo Limited (formerly 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 Gazebo Limited (formerly Clarity Group Limited) is ultimately controlled by J W Liggins.